COMMISSION

THIS IS THE BEGINNING OF MUR # 2598

DATE FILMED 6/23/93 CAMERA NO. 4

CAMERAMAN E.E.S.

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

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DATE FILMED 6/23/93 CAMERA NO. 4

CAMERAMAN E.E.S.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A85-18

April 6, 1988

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE - MATTERS REFERABLE TO OFFICE OF GENERAL COUNSEL

On April 5, 1988, the Commission voted to refer 10 matters to your office for appropriate action. Attached please find 7 matters (Exhibits I, IV through IX) as appended to the final audit report noted above. In accordance with the discussion during the April 5, 1988 Commission meeting, the Audit Division will cross-reference contribution entries appearing in two or more of the following exhibits: Exhibits II, III and X, as well as reordering the listings of contributions for each Exhibit to list all contributions received from the same contributor under a single entry. We expect to complete these tasks shortly and will forward Exhibits II, III and X no later than the week of April 18, 1988. Should you have any questions or require access to audit workpapers, please contact Steve Sanford or Ray Lisi at 376-5320.

Attachments:

Exhibit I - Contribution Records.

Exhibit IV - Itemization of Contributions.

Exhibit V - Joint Fundraising Activity, including Attachment 1 to Exhibit V, Pages 1-3.

Exhibit VI - Expenditures Made on Behalf of Candidates in Excess of Limitations, including
Attachment 1 to Exhibit VI, Page 1 of 1;
Attachment 1-A to Exhibit VI, Pages 1-3;
Attachments 1-B & 1-C to Exhibit VI;
Attachment 2 to Exhibit VI, Pages 1-2;
Attachment 3 to Exhibit VI, Page 1 of 1.

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Exhibit VII Pages 1-3	-	Federal Activity From Non-Federal Account, including Attachment 1 to Exhibit VII, Page 1 of 1 and Attachment 2 to Exhibit VII, Pages 1-2.
Exhibit VIII Pages 1-3	-	Unreported Activity in Support of Federal Candidates, including Attachment 1 to Exhibit VIII, Page 1 of 1 and Attachment 2 to Exhibit VIII, Page 1 of 1.
Exhibit IX Pages 1-2	-	Possible Excessive Transfers to Federal Candidates, including Attachment 1 to Exhibit IX Page 1 of 1.

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Contribution Records

Sections 432(c)(1), (2), (3) and (d) of Title 2 of the United States Code state that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committee; the name and address of any person who makes any contribution in excess of $50, together with the date and amount of such contribution by any person; and the identification of any person who makes a contribution or contributions aggregating more than $200 during a calendar year, together with the date and amount of any such contribution. The treasurer shall preserve all records required to be kept by this section and copies of all reports required to be filed by this subchapter for 3 years after the report is filed.

Sections 431(13)(A) and (B) of Title 2 of the United States Code state that the term "identification" means - in the case of any individual, the name, the mailing address, and the occupation of such individual, as well as the name of his or her employer; and in the case of any other person, the full name and address of such person.

During the audit period the Committee deposited contributions into two accounts. The first account was maintained throughout the audit period and functioned as the Committee's main operating account. The second account was opened in April, 1984 and was known as "Victory '84." It appears that Victory '84 was set up in conjunction with the Reagan-Bush '84 campaign. It also appears that expenditures were made from the Victory '84 account on behalf of other Republican candidates.

At the entrance conference, a Committee consultant (hired after the Committee's receipt of the July 1985 Audit notification letter) explained that the accountants who handled FEC matters during the audit period (1983 and 1984) were no longer with the Committee and current personnel were not familiar with FEC accounting procedures. Furthermore, the former accountants who might have documentation, computer records, and other information related to the audit period, were not available for consultation.

The consultant provided a list which detailed records available for our review. With the approval of the Executive Director (who was authorized in writing to act on behalf of the Committee Treasurer), the consultant requested that all questions related to the audit should be directed to him and his assistant. Although the consultant and his assistant attempted to aid the Audit staff as much as possible, they were unable to answer questions related to the 1983 and 1984 activity or the records provided. Therefore, the Audit staff's review was limited to the records made available.

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In the Interim Report, the Audit staff briefly described the limited records made available in support of Committee bank deposits. The staff also detailed how the records supplied were for the most part, inadequate to demonstrate the Committee's compliance with 2 U.S.C. §§ 432(c) and (d). Therefore in the Interim Report, the Audit staff recommended that the Committee make available for our review the following records:

(1) with respect to the Victory '84 account.

(a) Copies of contributor checks and the daily lists of contributions prepared relative to Victory '84 contributions processed at the Reagan-Bush office in Austin, Texas;

(b) a reconciliation of the printout (listing contributions totaling $4.9 million) to bank deposits for the Victory '84 account;

(c) all records made available during the initial fieldwork; and

(d) any other records, not mentioned in (a)-(c) above, relevant to the contributions deposited into the Victory '84 bank account;

and (2) with respect to the main operating account,

(a) Procedures or explanations detailing the Committee's receipts processing system;

(b) deposit tickets, daily contribution lists, response devices, or other supporting documentation that more closely associates Committee bank deposits with contributor lists;

(c) an explanation of how contributions listed on the printout can be identified as related to the Federal account;

(d) evidence of adequate recordkeeping including full names and addresses, for contributors whose contributions aggregate in excess of $50 for a calendar year; and for those contributors whose contributions aggregate in excess of $200 for a calendar year, the list should include the contributor's occupation and name of employer;

(e) all records made available during the initial fieldwork; and

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(f) any other records, not mentioned in (a)-(e) above, relevant to the contributions deposited into the main operating account.

In addition, the Audit staff recommended that the Committee supply evidence that contributions deposited into the main operating account had been properly aggregated with contributions deposited into the Victory '84 account.

The Audit staff concluded this Interim Report finding by noting that additional fieldwork would be scheduled to review materials made available in response to the Interim Report. It was further noted that upon completion of an Audit staff review of this material, additional recommendations could be forthcoming.

In their response to the Interim Report, the Committee's consultants stated that they attempted to obtain from their bank, copies of all contributor checks greater than $50 received and deposited during the audit period. They made available for Audit staff review 4,645 check copies (each greater than or equal to $50) totaling approximately $2.6 million. The total represents about 55% of the approximately $4.74 million received during the period covered by the audit. During initial fieldwork, the Audit staff reviewed records (not check copies) which appeared to support about $600,000 of the approximately $2.1 million not supported by check copies. For the remaining deposits of almost $1.5 million, the Committee has supplied no supporting documentation. Based on our review of the check copies made available, the time periods for which they were made available, and correspondence related to obtaining the check copies, it appears to the Audit staff that almost $1.1 million of this remaining amount probably constitutes contributions of $50 or less per donation, but almost $400,000 in receipts remains totally unsupported except for bank statement entries.

With respect to the aggregation of contributions deposited into the Victory '84 account with contributions deposited into the main operating account, the Committee used a computer program. However, only the contributions supported by check copies ($2.6 million) and the contributions supported by records made available during initial fieldwork ($600,000) were aggregated because no records were available to aggregate the remaining contributions totaling almost $1.5 million. In other words, the Committee (even after obtaining check copies in early 1987) did not have sufficient records with which to aggregate more than 30% of the dollar amount of reportable bank deposits.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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Itemization of Contributions

Section 434(b)(3)(A) of Title 2 of the United States Code requires disclosure of the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of any such contribution.

Section 434(b)(3)(B) of Title 2 of the United States Code requires disclosure of the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

During the fieldwork, the Audit staff reviewed the contributions listed on the cash logs for the main operating account and the contributions listed on the typed list for Victory '84 contributions received between April and September 6, 1984. The Audit staff attempted to determine if the contributions listed on these records were itemized properly on the Committee's disclosure reports.

As a result of our review, the Audit staff identified numerous contributions which did not appear to be itemized as required. Committee officials stated that they would research their records concerning the above described irregularities.

In the Interim Report the Audit staff recommended that (1) the Committee aggregate contributions deposited into the main operating account with those deposited into the Victory '84 account; (2) file amendments itemizing contributions identified under (1) above; and (3) include on the amendments itemizations for the contributions identified during fieldwork; as well as any additional contributions requiring itemization.

In their response to the Interim Report, the Committee said that they have "aggregated all of the contributions received into the Victory '84 account with those received by the Main Operating Account and prepared appropriate amendments to its FEC reports. Those amendments also contain appropriate itemization for all contributions received by the Committee from individuals and political committees." In addition, the Committee filed amended Schedules A.

The Audit staff reviewed the contribution records made available in response to the Interim Report finding on contribution records. A sample review of these records (constituting about $3.2 million of the $4.7 million in total

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receipts) compared to the amended Schedules A provided, indicated that the Committee has now properly itemized contributions for which supporting documentation was provided. However, the Committee did not aggregate all contributions deposited into the Victory '84 account with all contributions deposited into the main operating account. In fact, as noted in Exhibit I, Contribution Records, the Committee supplied no supporting documentation for almost $1.5 million in contributions. Therefore, the Audit staff can offer no opinion with respect to itemization requirements of these contributions.

Recommendation

Since the Committee has failed to fully respond to the Interim Report recommendations, the Audit staff recommends that this matter be referred to the Office of General Counsel.

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Joint Fundraising Activity

The Regulations, at 11 C.F.R. § 102.17, describe the procedures which govern joint fundraising activity involving both political committees and unregistered political organizations.

The Audit staff noted a joint fundraising event involving the Committee and an unregistered political organization known as the Harris County Victory Fund. The event, entitled "Victory '84 James Baker Reception and Luncheon," was held on August 14, 1984.

The only information related to this event was an internal memorandum (Attachment 1 to Exhibit V), which included a list of expenses, total income, and each participant's share of net income. Committee records made available for our review did not include a fundraising agreement, evidence that a fundraising representative was named, memo entries for contributions relative to the event required to be itemized on Schedules A of Committee reports, or correspondence between the Committee and the other political organization.

In the Interim Report, the Audit staff recommended that the Committee supply a copy of the joint fundraising agreement with respect to this event (including the identification of the joint fundraising representative). In addition, the Audit staff recommended that the Committee make available to the Audit staff receipts, bills, invoices, and contribution records related to this event. Alternatively, the Audit staff recommended that the Committee submit evidence demonstrating that this event should not be accounted for in accordance with 11 C.F.R. § 102.17.

In their response to the Interim report, the Committee offered the following paragraph:

> "The Committee has been unable to locate a copy of the joint fundraising agreement for the Victory '84 James Baker Luncheon and Reception which was jointly sponsored by the Committee and the Harris County Victory Fund. Nevertheless, it is the Committee's position that the documents set forth in Attachment 4 of the [Interim Audit] Report [See Attachment 1 to Exhibit V herein] clearly demonstrate the existence of an agreement between the Committee and the Harris County Victory Fund concerning the distribution of proceeds from this event. Similarly, those documents evidence the expenses incurred in connection with this event and their allocation between the sponsors."

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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VICTORY 84
FUND

NOVEMBER 5, 1984

FROM: Byron W. Cain, Jr.

REGARDING: Revised Expense Figures for Baker Luncheon

Since the previous memo of October 26, two additional expenses for the Jim Baker Appreciation Luncheon in Houston that were paid directly from RPT to the Hotel Meridien have come to light.

The revised total expenses and net income figure are attached. The total income remains the same.

VICTORY '84
FUND

APPRECIATION LUNCH FOR JIM BAKER

A joint fundraiser between the statewide Victory '84 Fund and the Harris County Victory Fund.

Total Income	$257,900.00
Total Expenses	16,991.01
Net Total Income	240,908.99
Split half-and-half to each organization	$120,454.49

REVISED NOVEMBER 5,1984

PAID FOR BY VICTORY '84 FUND, A PROJECT OF THE TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE, JOHN NOLAN, TREASURER

REVISED NOVEMBER 5,1984

APPRECIATION FOR JIM BAKER LUNCHEON

A joint fundraiser between the statewide Victory '84 Fund and the Harris County Fund.

EXPENSES

Reimbursements:		
Anne Hawkins		$4,140.38
Maureen Englishbey		167.30
Talent Tree		61.44
Andrews and Kurth		1,051.59
Tamp Webber Photography		445.00
Preston Moore		338.50
Olga Turner Personnal		420.00
Renee Klages		40.00
Colleen Abbott		615.90
Tracy Abbott		78.00
To Hotel Meridan $500 9,132.90		9,632.90
	TOTAL	$16,991.01

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Expenditures Made on Behalf of Candidates in Excess of Limitations

Sections 441a(d)(1) and (3)(A) of Title 2 of the United States Code state in part, that the national committee of a political party and a State committee of a political party may make expenditures in connection with the general election campaign of candidates for Federal office, subject to the limitations prescribed in that section.

The national committee of a political party and State committee of a political party may each make expenditures in connection with the general election campaign of a candidate for Federal office in that State who is affiliated with the party. In the case of a candidate for election to the office of Senator, these expenditures are limited to the greater of $20,000 or two cents multiplied by the voting age population of the State [as adjusted based on increases in the price index in accordance with 2 U.S.C. § 441a(c)]. In the case of the 1984 election held in the State of Texas, the limitation was $447,753.20.

Section 441a(a)(2)(A) of Title 2 of the United States Code states that no multicandidate political committee shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $5,000.

Sections 434(b)(4)(H)(iv) and (6)(B)(iv) of Title 2 of the United States Code, require that each report disclose the total amount of expenditures made under 2 U.S.C. § 441a(d). The disclosure required includes the name and address of each person who receives any expenditure from the reporting committee in connection with Section 441a(d) expenditures, together with the date, amount, and purpose of any such expenditure as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

1. Presidential Candidate

The Act, at 2 U.S.C. § 431(9)(A)(i), defines "expenditure", in part, to include anything of value made by any person for the purpose of influencing any election for federal office. Specifically, 2 U.S.C. § 431(9)(B)(ix) exempts from the definition of expenditure, the payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committee on behalf of nominees of such party for President and Vice President; provided that certain criteria are met. The Regulations, at 11 C.F.R. § 100.7(b)(17), further define this exemption to include the costs incurred in the use of phone banks provided the phone banks are operated by volunteers. The exemption however, does not include payments for the costs

incurred in connection with direct mail advertising which is defined as any mailing(s) by a commercial vendor or any mailing(s) made from commercial lists. (11 C.F.R. § 100.7(b)(17)(i)). The exemption also does not include payments made from funds donated by a national committee of a political party to a State party committee for voter registration and get-out-the-vote activities. (11 C.F.R. § 100.7(b)(17)(vii)).

Section 9003(b)(2) of Title 26 of the United States Code states, in part, that to be eligible to receive payments from the Presidential Election Campaign Fund, the candidate of a major party in a presidential election shall certify to the Commission that no contributions to defray qualified campaign expenses will be accepted except to the extent necessary to cover any deficiencies in payments received from the Fund.

The Audit staff reviewed documentation made available relative to exenditures made from the Victory '84 account. This account apparently was established to fund volunteer activity in connection with President Reagan's re-election as well as campaigns involving other Republican candidates. The Audit staff identified 56 expenditures totaling $509,442.41, which appeared not to have been made in accordance with the 2 U.S.C. § 431(9)(B)(ix) exemption. These expenditures, summarized on Attachment 1 to Exhibit VI, were reported by the Committee as operating expenditures.

A large portion of these expenditures were in the form of payments to a direct mail firm. Our review of invoices from this firm, detailed on Attachment 1-A to Exhibit VI, indicates that these mailings were made in connection with President Reagan's re-election campaign. The invoices listed various mailing projects such as "Reagan Favorables" and "Reagan-Bush Unreachables." Further, costs associated with the mailings relative to stationery, laser-letter production, printing, shipping, travel, and postage were itemized on the firm's invoices.

During audit fieldwork, Committee officials could not provide details on these mailings. It was noted in the Interim Report that the Audit staff did not have samples of the mailings, nor did we know the source of the lists used, or the purpose of the mailing campaign(s). Therefore, the Audit staff could not verify if these expenditures (1) were made in accordance with the exemptions to the definition of "contributions"*/ and "expenditures"*/ made to or on behalf of candidates; or (2) were

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*/ These exemptions to the definition of "contributions" are listed at 2 U.S.C. § 431(8)(B)(xii) and 11 C.F.R. § 100.7(b)(17) and these exemptions to the definition of "expenditures" are listed at 2 U.S.C. § 431(9)(B)(ix) and 11 C.F.R. § 100.8(b)(18).

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incurred in relation to mailings by a commercial vendor or were made from a commercial list, which would invalidate the exemptions. It was also noted in the Interim Report that the Committee reported receiving $175,100 from the Republican National Committee (RNC) in 1984, which could also invalidate the exemptions.

Similarly, the Audit staff was unable to determine if $98,806.19 in payments were made in connection with the President's appearance at a dinner in Houston on October 2, 1984 (detailed on Attachment 1-B to Exhibit VI); or if $6,720.82 in ballot security payments (detailed on Attachment 1-C to Exhibit VI) were made for voter registration and get-out-the-vote activities in accordance with the 2 U.S.C. § 431(9)(B)(ix) exemption. On the surface it appears that these expenditures were made in connection with the President's re-election campaign, but were not for voter registration and get-out-the-vote activities. Committee officials were presented copies of the bills and invoices and said they would research the matter.

In addition to the expenditures noted above, the Committee may have expended an additional $80,000 from its non-federal account for Victory '84 expenditures as noted in the memorandum at Attachment 2 to Exhibit VI and discussed at Exhibit VII. It is possible, given the nature of the other Victory '84 expenditures, that all or a portion of the $80,000 mentioned in Attachment 2 to Exhibit VI were expenditures made in connection with President Reagan's re-election campaign. However, we could not verify if these amounts were actually paid. [See Exhibit VII].

In the Interim Report, the Audit staff recommended that the Committee supply documentation (including copies of materials mailed and telephone scripts used) to demonstrate that the expenditures detailed above were made in accordance with 2 U.S.C. §§ 431(9)(B)(viii) or (ix). The Audit staff noted that additional recommendations could be forthcoming after a review of the information submitted.

In their response to the Interim Report, the Committee supplied affidavits from individuals who indicated they were knowledgeable about the Victory '84 program. The response contains a narrative "Overview of the Victory '84 Program" based on these affidavits; sample copies of volunteer recruiting cards; a description of a "Voter Identification" project; a script for telephone callers; sample response forms for telephone callers; and a description of the volunteer program (prepared by Betty McGee) including descriptions of volunteer recruitment, volunteer scheduling, and volunteer cards. The response also includes materials produced by the Committee's direct mail firm which were

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used in connection with this program and a schedule of related expenses associated with each of four (4) mailings identified. Another document supplied is entitled "Summary Report Victory '84 Fund November, 1984" (prepared by Barbara Batsel and others on Victory '84 stationery) which included goals, strategy, problems encountered, the planning of a Presidential dinner, and the result of these efforts. The narrative portion of the response includes summaries of payments made for mailings and payments made for the Presidential dinner supported by references to the affidavits and materials supplied. Finally, the response includes contracts entered into with individuals for ballot security services. The narrative portion of the response contains the assertion that "These contracts clearly demonstrate that these payments were for voter registration and get-out-the-vote activities on behalf of the party's Presidential nominees which are exempt expenditures under 2 U.S.C. § 431(9)(B)(ix)." The response further states: "Indeed, each contract states that the consultant is to 'recruit volunteer poll watchers (for both the absentee voting period and election day)', a responsibility which is key to the success of any volunteer election day effort." The Committee concluded their response with the following paragraph:

> "It is the Committee's position that the above-referenced description and documentation demonstrates that the Committee's payments for the Victory '84 'direct mail campaign' and phone bank operations were in support of exempt volunteer activities under 2 U.S.C. § 431(9)(B)(ix) and 11 C.F.R. § 100.8(b)(18). Hence, none of these payments should be characterized as excessive expenditures on behalf of Reagan-Bush '84."

The Audit staff analyzed the Committee's response and the referenced materials submitted in support of their position. It is the opinion of the Audit staff that the material supplied indicates that the Committee's program involved payments for costs incurred in connection with mailings by a commercial vendor. It appears that the direct mail firm was involved in producing the pieces, organizing the materials, preparing the mailings, and shipping the materials to the phone centers for actual mailing. In fact, the Committee's response does not dispute the fact that the direct mail firm was compensated for these services. Therefore, it is the opinion of the Audit staff that the Committee's payments for these direct mail activities are not exempt from the definition of "contributions" and "expenditures."

With respect to funds received from the Republican National Committee (RNC), the Audit staff reviewed check copies supplied in response to the Interim Report. As noted therein,

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check copies provided support only about 55% of the dollar amount of contributions received. The Audit staff was able to locate three check copies corresponding to reported receipts from the RNC totaling $77,600. Bank statement entries and a typed Committee listing indicate three (3) additional receipts apparently corresponding to reported receipts from the RNC totaling $69,500. Four of these six receipts, totaling $119,500, were deposited into the Victory '84 account and the funds were used to make the expenditures listed on Attachment 1 to Exhibit VI. Records supplied were not adequate to verify five (5) additional reported receipts from the RNC totaling $28,000. Discrepancies in the verified amounts notwithstanding, it is the opinion of the Audit staff that receipts from the RNC at least partially void the exemptions from the definition of "contributions" and "expenditures" claimed by the Committee with respect to their "volunteer program." It is the opinion of the Audit staff that the "weighted % of funds available" alternative in our November 24, 1987 memorandum to the Office of General Counsel on MUR 2270 could be applied to calculate the amount of RNC funds used if an allocation is necessary.

The documentation supplied by the Committee does demonstrate that volunteers were used during various stages of this program. Further, it is apparent that the effort was well organized and at least some of the participants were knowledgeable about what was permissible under the Act and Regulations. It appears that phone banks were staffed by volunteers and only supervisors were compensated. It is the opinion of the Audit staff that the Committee did make some efforts to keep the volunteer related expenditures within the parameters of the exemptions to the definitions of "contributions" and "expenditures".

With respect to the Houston Presidential Dinner expenditures, it is apparent that fundraising expenses for the event included payments made to a commercial mailing firm for direct mail services. Documentation supplied with the Committee's response included samples of solicitation materials and response devices used to request contributions for this event. It is the opinion of the Audit staff that this fact alone may void the exemptions to the definitions of "contributions" and "expenditures". Further, it is apparent from the documentation supplied, that the Net proceeds from this "Gala" were used to fund the volunteer related programs.

It is the opinion of the Audit staff that the payments for "ballot security" services may not be exempt from the definition of "contributions" and "expenditures". The personal services contracts supplied in support of these payments make reference to a "Ballot Security Chairman memorandum" which may provide more details on this program. It is the opinion of the

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Audit staff that the Committee's response is an attempt to make an analogy with the exemption for salaries of phone bank supervisors explicitly stated in the Regulations. It is interesting to note that the contracts covered services beginning October 22, 1984, or five (5) days after the commencement of absentee voting, that the consultant was hired to monitor. In addition to recruiting volunteer poll watchers and monitoring absentee voting, the consultants were hired to determine priority precincts, provide additional assistance as requested, and provide status reports to the County Ballot Security Chairman. Even if the Committee's analogy is appropriate, it is the opinion of the Audit staff that the duties of ballot security consultants are not analogous to the duties of "paid professionals" who design a phone bank system, develop calling instruction, and train supervisors.

Finally, the Committee chose not to respond to the possible relationship between the expenditures referred to in Attachment 2 to Exhibit VI (as much as $80,000), and the "volunteer program" on behalf of the Reagan-Bush campaign. [See Exhibit VII].

2. 1984 Senate Candidate

The Act, at 2 U.S.C. § 431(9)(A)(i) defines expenditure, in part, to include anything of value made by any person for the purpose of influencing any election for Federal office. In addition, 2 U.S.C. § 431(9)(B)(viii) exempts from the definition of expenditure the payment by a State committee of a political party of the costs of campaign materials used by such committee in connection with volunteer activities on behalf of the nominees of such party; provided that certain criteria are met. One of these criteria is that such payments are not for the cost of campaign materials used for direct mail or similar type of general public communication or political advertising.

In addition to the items discussed in Section 1. above, the Audit staff identified 3 expenditures totaling $36,535.45, made on behalf of a Senate candidate, but apparently not made in accordance with the 2 U.S.C. § 431(9)(B)(viii) exemption (see Attachment 3 to Exhibit VI). These expenditures, made for direct mail activity, related to the purchase of a voter list and the cost of mailings.

The Committee reported direct contributions totaling $10,000 to this Senate candidate's 1984 campaign. In addition, the Committee apparently assigned its 2 U.S.C. § 441a(d)(3) limitation to the National Republican Senatorial Committee (NRSC). The NRSC reported coordinated expenditures on behalf of this Senate candidate totaling $889,149.00, slightly less than the combined national and state party limit of $895,506.40

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($447,753.20 national party and $447,753.20 state party limit).

In the Interim Report the Audit staff noted that the Committee contended that the expenditures listed on Attachment 3 to Exhibit VI were exempt from the definitions of contributions or expenditures. However, it was noted that the lack of adequate supporting documentation and the lack of information describing the various programs meant that the Audit staff could not ascertain if the Committee had made the expenditures in accordance with the exemptions. Therefore, the Audit staff recommended that the Committee supply documentation (including copies of materials mailed and telephone scripts used) to demonstrate that the expenditures were made in accordance with the exemptions. The Audit staff noted that additional recommendations could be forthcoming after a review of the information submitted.

In their respsonse to the Interim Report, the Committee admitted that a direct mail firm had been paid to print the material used in the mailings made to support the Senatorial candidate. The Committee attempted to make the point that these expenditures were exempt because the mailing list consisted of "registered Democrat (sic) voters in selected precincts in Williamson County. Hence, a volunteer mailing from this list was permissible under the Act."

It is the opinion of the Audit staff that the use of a direct mail firm for services related to the mailing may void the exemptions to the definitions of contribution and expenditure claimed by the Committee. The Audit staff does agree that the mailing list purchased from Election Administrator Meginnis is not a commercial mailing list as described in the exemptions to the definitions of contributions and expenditures contained in the Act and Regulations.

3. Victory '84 Bank Account - Unidentifiable Activity

Sections 1. and 2. above set forth the Audit staff's position with respect to approximately $625,000 in expenditures made from the Committee's Victory '84 bank account. Our analysis of documentation made available indicates that the purpose of the Victory '84 account was to make expenditures on behalf of Republican candidates in accordance with expenditure definition exemptions at 2 U.S.C. § 431(9)(B)(viii) and (ix). Approximately $3.2 million in funds were disbursed to commercial entities, individuals, and the Committee's non-federal account between April and December, 1984. The goods and services associated with these payments, as reported by the Committee, included: telephone, utilities, rent, printing, mailing, travel, secretarial services, meetings, computers, voter lists, graphics, consulting, insurance, and administration. In cases where vendor-generated documentation (i.e., invoice, receipted bill,

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billing statement, etc.) was present in Committee records, the Audit staff was able to identify approximately $625,000 in payments which appeared to have been made in support of federal candidates. For the majority of the remaining $2.6 million in expenditures made, vendor-generated documentation or other information (prepared by the Committee) was either not present or inadequate to permit a determination as to whether or not the expenditure was made on behalf of a federal candidate(s). Further, our analysis of vendor-generated documentation reviewed during fieldwork indicated that, at a minimum, the Victory '84 account was used to fund a direct mail campaign and a phone bank operation in conjunction with campaigns for federal offices, including the Senate and Presidency. However, the Committee records made available then did not contain information upon which the Audit staff could base a determination as to the applicability of the 2 U.S.C. § 431(9)(B)(ix) exemption with respect to the expenditures.

In the Interim Report the Audit staff recommended that the Committee identify the programs and costs associated with the expenditures noted in 3. above and provide receipted bills and/or invoices detailing the purposes. If any of the expenditures were associated with voter identification programs, get-out-the-vote, or voter registration programs; information should be provided detailing the participants and/or beneficiaries, the scripts used, and other information related thereto. The Audit staff noted that additional recommendations may be forthcoming after a review of the information submitted.

As detailed above in Section 1., the Committee responded to the Interim Report recommendations with affidavits, narrative descriptions of the programs, and sample copies of mailings, scripts, and other materials related to these activities. As detailed in our analysis in Section 1., the Audit staff analyzed this response and is of the opinion that these expenditures may not have been made in accordance with the exemptions as claimed.

Recommendation

The Audit staff recommends that this entire matter (Sections 1, 2, and 3) be referred to the Office of General Counsel for further review.

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Attachment 1 to Exhibit VI

Texas Republican Congressional Committee
Summary of Expenditures Apparently Made on
Behalf of Reagan-Bush

Description	Attachment	Item	Amount
Direct Mail Expenditures Paid to Karl Rove and U.S. Postmaster	3-A	38	$403,915.40
Presidential Dinner in Houston, Texas	3-B	5	98,806.19
Ballot Security	3-C	13	6,720.82
Total		56	$509,442.41

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Texas Republican Congressional Committee
Payments to Karl Rove and Company
For Direct Mail Expenditures
Made on Behalf of Reagan-Bush

Check Number	Invoice Number	Invoice Date	Amount	Purpose A/
766	2184	11/5/84	$ 18,730.55	Production #1374
766/ 2099	2169	11/5/84	23,724.84	Postage Printing #1374
2099	2282	11/12/84	7,616.04	Printing #1374
1965	2153	10/29/84	14,200.00	Postage #1338
1965	2181	11/1/84	273.20	Reagan-Bush Envelopes
1996	2165	11/7/84	6,352.94	Printing #1339
1996	2240	11/8/84	14,668.05	Production #1338
1996	2164	11/6/84	14,456.47	Printing #1338
1996	2163	11/7/84	8,040.00	Printing #1338
1996	2194	11/5/84	209.49	Design #1334
1996	2180	11/1/84	3,684.90	Reagan-Bush Envelopes
1996	2126	10/23/84	19,962.36	Brochure Printing
1821	2125	10/23/84	6,705.88	Mailing #1339
1821	2106	10/22/84	11,070.42	Response Cards #1338
1821	2117	10/22/84	132.41	Artwork #1392

A/ Karl Rove and Company invoices indicate project numbers which are listed here.

Texas Republican Congressional Committee
Payments to Karl Rove and Company
For Direct Mail Expenditures
Made on Behalf of Reagan-Bush

Check Number	Invoice Number	Invoice Date	Amount	Purpose A/
1821	2099	--	$ 337.65	Travel
1794/ 1819	2110	10/22/84	40,000.00	Postage #1399
1780	2109	10/19/84	5,622.95	Printing #1411
1780	2108	10/19/84	19,674.45	Paper #1334
1609	2035	10/8/84	16,019.87	Printing #1338
1609	2036	--	4,909.75	Envelopes #1339
1609	1975	9/24/84	17,500.00	Postage #1363
1996	2207	11/6/84	408.75	Project #1337
1965	2116	--	2,362.99	Shipping-Phone Centers
1965	2113	10/22/84	53.28	White House Photo
1821	2143	10/25/84	14,120.00	Postage #1416
1965	2152	10/31/84	450.00	Postage #1338
1965	2179	11/1/84	1,580.00	Shipping-Phone Centers
1965	2135	10/26/84	10,399.32	Printing
1965	2136	10/26/84	15,178.47	Production #1393

A/ Karl Rove and Company invoices indicate project numbers which are listed here.

Texas Republican Congressional Committee
Payments to Karl Rove and Company
For Direct Mail Expenditures
Made on Behalf of Reagan-Bush

Check Number	Invoice Number	Invoice Date	Amount	Purpose A/
1965	2137	10/30/84	$ 9,849.69	Mailing #1393
1996	2239	11/8/84	4,915.82	Production #1337
1996	2205	11/6/84	376.30	Shipping
2183	-	11/20/84	30,305.61	Production #1338
1821	2104	10/22/84	1,382.09	Response Cards #1339
1699	2065	10/11/84	44,400.86	Printing #1364
1744	B/	10/19/84	8,000.00	Postage
1603	B/	10/9/84	6,240.00	Postage
		Total	$403,915.40	

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A/ Karl Rove and Company invoices indicate project numbers which are listed here.

B/ These payments were made directly to the Postmaster although incurred by Karl Rove & Company.

Attachment 1-B to Exhibit VI

Texas Republican Congressional Committee
Expenditures Apparently Made on Behalf of
Reagan-Bush Related to Presidential Vist to
Houston on October 2, 1984

Payee	Check Number	Date	Amount	Purpose
U.S. Treasurer	1790	10/24/84	$ 8,955.39	Communications
Ogden Food Service	1498	9/30/84	77,791.89	Catering
Freeman Companies	1811	10/24/84	9,985.91	Decorations
City of Houston	1207	7/31/84	2,000.00	Presidential Dinner
Bryan Cain	1296	9/4/84	73.00	Travel
		Total	$98,806.19	

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ATTACHMENT 1-C to Exhibit VI

REAGAN-BUSH'84

The President's Authorized Campaign Committee

Chairman
Senator John G. Tower

Co-Chairman
Martha B. Weinert

MEMORANDUM

TO: Dan Branch
FROM: Linden Kettlewell
Jan Rowley
DATE: October 6, 1984
RE: Consultation Fees

The following employees of Reagan-Bush '84 have separate and additional responsibility as consultants to the Republican Party of Texas, assisting in the implementation of volunteer activities, including ballot security.

Please find listed below a proposed consultant fee schedule for the period 10/15/84 to 11/15/84.

1.	Jim Bentley	$437.50	
2.	Alfred Davis IV	500.00	
3.	Sarilee Ferguson	500.00	
4.	Gary E. Gray	437.50	
5.	Michael T. Harvey	437.50	0.*
6.	Guy Kidd	500.00	437.50+
7.	Mark L. Lacy	437.50	500.00+
8.	Charles Silvey	437.50	500.00+
9.	M. Margaret Spearman	500.00	437.50+
10.	Mark Edward Thielke	500.00	437.50+
11.	Lisa Scott	400.00	500.00+
12.	Sean Ambrose	500.00	437.50+
			500.00+
			500.00+
13.	Andrew Teas	$1,133.32	400.00+
	(9/13/84-11/15/84)		500.00+
			1,133.32+
			6,720.82*

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REPUBLICAN PARTY OF TEXAS

John P. Maxwell
Executive Director

MEMORANDUM

TO: ~~Dan Branch~~
James Hight

FROM: John P. Maxwell

DATE: October 30, 1984

RE: Meeting this morning concerning the absorbtion of Victory Fund Budget items by the RPT Operating Account

At our meeting this morning we decided the following in regards to the RPT Operating Account absorbing Victory Fund Budget items:

1). James will determine the exact dollar amount of how large the commitment is and give that information to Dan for verification.

2). Assuming that the dollar amount arrived at will be somewhere between $65,000 and $80,000, the items from the Victory Fund Budget which the RPT Operating Account will absorb are the following:

a). The final month's employment cost for the following employees:

- Bob Estrada
- Vicki Elam
- Matt Hagan
- Brad Merritt
- Jean Massaro
- Martin Rosales
- Lowry Jones
- Pat Mizel
- Jennifer Reid

All of the Ballot Security salaries, and Suzy Ramirez' salary, not only for the last month, but for her entire period of employment, since she has inadvertently not been paid from the Victory Fund to this period

The total salary and payroll expenses for these employees is approximately $40,000.

b). The cost of the Victory Party at the Hyatt on election night, and we do need to be careful that this party is billed as a Republican Party function and not a Reagan-Bush function to stay legal. The cost of this party is estimated to be $15,000.

c). We will also absorb from the Operating Account all other Ballot Security expenses other than the payment of Poll Watchers.

3). James will prepare an inventory of the items which the Victory Fund has purchased, such as typewriters and computer printers.

4). An item which we did not discuss which needs to be done i if Dan can explain the new procedures to Ballot Security for the proper accounting codes for the change in budget authority for their programs.

Attachment 3 to Exhibit VI

Texas Republican Congressional Committee
Expenditures Apparently Made on Behalf of
a Senate Candidate

Payee	Check Number	Date	Amount	Purpose
Karl Rove	1699	10/16/84	$28,882.41	Printing
Karl Rove	2099	12/7/84	7,616.04	Printing
Thomas H. Meginnis	1617	10/10/84	37.00	Vote List
		Total	$36,535.45	

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Federal Activity From Non-Federal Account

The Regulations at 11 C.F.R. § 102.5(a)(1)(i) require that when organizations financing political activity in connection with federal and non-federal elections, choose to establish federal and non-federal accounts, all disbursements, contributions, expenditures, and transfers made by the committee in connection with federal elections shall be made from the federal account.

The Audit staff reviewed disbursements made from the Committee's non-federal accounts and noted 4 disbursements, totaling $155,317.88, which appear to be in connection with federal elections. Three of these payments, including a check for $150,000 dated September 10, 1984, were endorsed and reported by the Republican National Committee as refunds or rebates received. The other payment of $5,000, dated October 16, 1984, was endorsed by and reported as a contribution received by the Gerald R. Ford New Leadership Committee. A detailed list of the payments is included at Attachment 1 to Exhibit VII.

In addition, the Audit staff noted an internal Committee memorandum indicating that the Committee's non-Federal account "...will absorb... somewhere between $65,000 and $80,000" of expenses incurred by the Victory Fund Budget. A copy of the memorandum is at Attachment 2 to Exhibit VII. Costs to be absorbed included salaries, a victory party, and ballot security expenses. The Audit staff attempted to verify if the expenditures to be absorbed were actually expenditures for federal elections and were actually paid by the Committee's non-federal account. The Audit staff could not determine if the "Victory Fund Budget" referred to in the memorandum is the same as the Victory '84 account disclosed by the Committee. The Audit staff did note payments made from the Committee's non-federal account for the types of expenditures mentioned in the memorandum, but documentation was not available with which to associate specifically the payments to the expenses detailed in the memorandum.

In the Interim Report, the Audit staff recommended that the Committee either supply documentation that these expenditures were not made in connection with federal elections or seek refunds from the payees. The Audit staff noted that additional recommendations could be forthcoming based on a review of the documentation supplied.

In its response to the Interim Report, the Committee supplied an invoice which they claimed demonstrates that the $150,000 payment to RNC was "for the Committee's proportionate share of a general media buy made by the RNC for general

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advertisements encouraging Americans to support the Republican Party." The Committee's former Executive Director submitted an affidavit supporting this contention. This affidavit is also cited to support the Committee's contention that the other two RNC payments on Attachment 1 to Exhibit VII totaling $317.88 were for travel and related costs to attend a finance workshop not related to federal elections.

With respect to the $5,000 payment made to the Gerald R. Ford New Leadership Committee, the Committee admitted that this was a payment to the multi-candidate committee registered with the FEC. They said a refund would be sought and a new payment would be issued from the Committee's federal account. On May 1, 1987, (several weeks after the March 9, 1987 due date for responding to the interim report) the Committee supplied the Audit staff with check copies indicating that the Gerald R. Ford New Leardership Committee had refunded $5,000 to the Texas Republican Campaign Committee (non-federal account) on March 7, 1987, and that a $5,000 contribution had been issued by the Texas Republican Congressional Committee (federal account) on February 24, 1987.

Finally, with respect to the approximately $80,000 in expenditures noted on Attachment 2 to Exhibit VII as items to be absorbed by the non-federal account, the Committee said that "all of these expenditures were appropriately made from its non-federal account." Specifically, they said that election night party expenditures do not benefit either state or federal candidates because the parties are held after the campaigning is over. The Committee's former Executive Director is quoted as saying that salary payments noted on Attachment 2 to Exhibit VII were for "individuals who had completed their work on behalf of Victory '84 and were to be engaged solely in activities related to state and local elections." The former Executive Director's affidavit is also cited to support the claim that the "Committee made the decision that its federal account, which had been paying all of the ballot security expenses up until the last month prior to the 1984 elections, had paid more than its proportionate share of such expenses. Thus, a determination was made that the Committee's non-federal account should pay any further ballot security costs incurred by the party."

It is the opinion of the Audit staff that the Committee's response does not support the conclusion that any of the cited expenditures were appropriately made from the Committee's non-federal accounts. It is the opinion of the Audit staff that the invoice supplied in support of the $150,000 payment to the RNC does not demonstrate that this expenditure was made by the RNC for general advertisements encouraging Americans to support the Republican Party. Even if this was the case, the Audit staff would recommend that the Committee allocate the payment between

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its federal and non-federal accounts in accordance with the principles contained in AO76-72 or some other reasonable method. Similarly, it is the opinion of the Audit staff that the election night party and ballot security expenditures noted on Attachment 2 to Exhibit VII should be allocated between the Committee's federal and non-federal accounts since both activities clearly benefit both federal and non-federal candidates. With respect to the other salaries noted on Attachment 2 to Exhibit VII, it is the opinion of the Audit staff that the documentation supplied does not support the contention that these payments were not in connection with federal elections. It is the opinion of the Audit staff that the expenditures itemized on Attachment 2 to Exhibit VII are typical of party committee expenditures which should be allocated between the federal and non-federal accounts in accordance with 11 C.F.R. §§ 102.5 and 106.1.

Finally, with respect to the transaction with the Gerald R. Ford New Leadership Committee, it is the opinion of the Audit staff that the Committee's efforts to obtain a refund and issue a new check from its Federal account indicate that the Committee has conceded that this contribution was not made from the proper account originally.

Recommendation

The Audit staff recommends that these matters be referred to the Office of General Counsel.

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Attachment 1 to Exhibit VII

Texas Republican Congressional Committee
Apparent Payments for Federal Elections
Disbursed from Non-Federal Account

Non-Federal Account	Check Number	Date	Payee	Amount
1. Republican Party of Texas	8820	9/10/84	RNC Operating Account	$150,000.00
2. Republican Party of Texas	7796	1/31/84	Republican National Committee	185.00
3. Texas Republican Campaign Committee	782	7/12/84	Republican National Committee	132.88
4. Texas Republican Campaign Committee	939	10/16/84	Gerald R. Ford New Leadership Committee	5,000.00
Total	4 Items			$155,317.88

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REPUBLICAN PARTY OF TEXAS

John P. Maxwell
Executive Director

MEMORANDUM

TO: Dan Branch
James Hight

FROM: John P. Maxwell

DATE: October 30, 1984

RE: Meeting this morning concerning the absorbtion of Victory Fund Budget items by the RPT Operating Account

At our meeting this morning we decided the following in regards to the RPT Operating Account absorbing Victory Fund Budget items:

1). James will determine the exact dollar amount of how large the commitment is and give that information to Dan for verification.

2). Assuming that the dollar amount arrived at will be somewhere between $65,000 and $80,000, the items from the Victory Fund Budget which the RPT Operating Account will absorb are the following:

a). The final month's employment cost for the following employees:

- Bob Estrada
- Vicki Elam
- Matt Hagan
- Brad Merritt
- Jean Massaro
- Martin Rosales
- Lowry Jones
- Pat Mizel
- Jennifer Reid

b). All of the Ballot Security salaries, and Suzy Ramirez' salary, not only for the last month, but for her entire period of employment, since she has inadvertently not been paid from the Victory Fund to this period

The total salary and payroll expenses for these employees is approximately $40,000.

b). The cost of the Victory Party at the Hyatt on election night, and we do need to be careful that this party is billed as a Republican Party function and not a Reagan-Bush function to stay legal. The cost of this party is estimated to be $15,000.

c). We will also absorb from the Operating Account all other Ballot Security expenses other than the payment of Poll Watchers.

3). James will prepare an inventory of the items which the Victory Fund has purchased, such as typewriters and computer printers.

4). An item which we did not discuss which needs to be done is if Dan can explain the new procedures to Ballot Security for the proper accounting codes for the change in budget authority for their programs.

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Unreported Activity in Support of Federal Candidates

The Act, at 2 U.S.C. § 434(b)(3)(B), in part, requires a political committee to disclose the name and address of each political committee which makes a contribution to the reporting committee during the reporting period. The Act, at 2 U.S.C. § 434(b)(5)(A), requires a committee to report the name and address of each person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made to meet a candidate or committee operating expense together with the date, amount, and purpose of such expenditure. In addition, the Act, at 2 U.S.C. §§ 434(b)(6)(B)(i) and (ii), requires a political committee other than an authorized committee to report the name and address of each political committee which has received a contribution from the reporting committee during the reporting period, together with the date and amount of any such contribution; and such committee shall report any person who has received a loan from the reporting committee during the reporting period, together with the date and amount of such loan.

The Act, at 2 U.S.C. § 431(8)(A)(i), in part, defines contribution to include anything of value made by any person for the purpose of influencing any election for federal office. In addition, 2 U.S.C. § 431(8)(B)(x) exempts from the definition of contribution the payment by a State committee of a political party of the costs of campaign materials used by such committee in connection with volunteer activities on behalf of nominees of such party; provided that certain criteria are met.

1. 1982 Federal Candidates

On March 16, 1983, the Committee paid $3,600.48 to a photocopy shop, the itemization for which was not reported on its disclosure report. In addition, the Committee underreported an office supplies payment by $30.29. Notations appearing on the associated check stub indicate that the payments were made on behalf of a 1982 Congressional candidate. In addition, on the same date, the Committee received $3,630.77 from that candidate's campaign. According to an internal Committee memorandum, the Committee had an arrangement with several 1982 Congressional candidates whereby the Committee would pay bills on behalf of the candidates. The memorandum is included as Attachment 1 to Exhibit VIII. The memorandum further indicates that the Committee made additional payments on behalf of this candidate to cover bills in San Antonio; and that the Committee had reached its 1982 coordinated expenditure limit on behalf of this candidate. The two vendors noted above are located in San Antonio.

On February 9, 1984, the Committee made, but apparently failed to report, a $3,630.77 payment to one of the vendors included as part of the arrangement discussed in the internal memorandum. A notation on the face of the check indicates that this was on behalf of the candidate's 1982 campaign. The amount of this 1984 payment is the same as the amounts noted above.

A similar disclosure problem was noted relating to another 1982 Congressional candidate. On January 10, 1983, the Committee received $2,000 from the candidate's committee. On January 11, 1983, the Committee paid $2,000 to one of the vendors covered by the arrangement noted in the internal memorandum. A notation on the associated check stub indicates the payment was on behalf of the Congressional candidate. Neither the $2,000 received from the candidate's committee nor the $2,000 payment on his behalf was disclosed.

It appeared, based on our analysis of these transactions, that the Committee failed to properly itemize three expenditures, totaling $5,630.77, on behalf of two different Congressional candidates in 1983, failed to itemize 2 receipts totaling $5,630.77 from the two candidates in 1983, and failed to itemize an expenditure of $3,630.77 on behalf of the first candidate in 1984. It also appeared that the Committee underreported both total receipts and expenditures in 1983 by $5,630.77 and underreported total expenditures in 1984 by $3,630.77.

Therefore, in the Interim Report, the Audit staff recommended the Committee file a comprehensive amendment for 1983 itemizing the receipts and expenditures (including those referred to in the internal memorandum) that have not been previously disclosed. The Audit staff further recommended that the Committee demonstrate that the expenditures made in connection with federal candidates were not subject to limitations at 2 U.S.C. §§ 441a(a) or 441a(d)(3).

In response to the Interim Report, the Committee filed a comprehensive amendment itemizing the receipts and expenditures noted above. Further, the Committee reported the previously undisclosed expenditures as operating expenditures even though they did not dispute that these expenditures were made on behalf of the 1982 Federal candidates. The response simply relies on an affadavit from the former Executive Director who states that to the best of his knowledge, information and belief, the expenditures..."were made in connection with volunteer activities in support of Texas Republican congressional candidates." However, as distinguished from the 1984 volunteer program for which the Committee provided detailed information in the response, no details are provided with respect to the volunteer program for 1982 Congressional candidates.

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2. 1983 Special Election Candidate

During early 1983, the Committee made 6 expenditures totaling $14,912.12 which, based on our analysis of the associated documentation, were made on behalf of a Congressional candidate's 1983 special election campaign. These payments were disclosed as operating expenditures. (See Attachment 2 to Exhibit VIII). Committee records made available in support of these expenditures were not sufficient to verify that the amounts were spent in accordance with the 2 U.S.C. § 431(8)(B)(x) exemption. The expenditures consist of payments for mailing lists, stationery, printing, and postage for mailings.

During fieldwork, Committee officials responded that they believed these expenditures were made under the 2 U.S.C. § 431(8)(B)(x) exemption and they would research the documents necessary to support their contention.

In the Interim Report, the Audit staff recommended that the Committee submit evidence demonstrating that the expenditures listed on Attachment 2 to Exhibit VIII were spent in accordance with the 2 U.S.C. § 431(8)(B)(x) exemption. It was noted that further recommendations may be forthcoming after a review of the information submitted.

In the response to the Interim Report, the Committee simply relies on an affidavit from the former Executive Director who states that to the best of his knowledge, information and belief, "...the Committee organized a volunteer effort, including a mass mailing of cammpaign [sic] materials, in support of Phil Gramm's 1983 special election Congressional candidacy." Again, as distinguished from the 1984 volunteer program for which the Committee provided detailed information in the response, no details were provided with respect to the Committee's volunteer program for the 1983 special Congressional election.

A review of reports filed by Republican party committees indicate that the Committee may be able to avoid a limitation problem by designating these payments as coordinated expenditures in accordance with 2 U.S.C. § 441a(d)(3)(B).

Recommendation

The Audit staff recommends that these matters be referred to the Office of General Counsel.

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ATTACHMENT 1 to Exhibit VIII

REPUBLICAN PARTY OF TEXAS

John P. Maxwell
Executive Director

John,

In 1982, we gave Jeff Wentworth $5,000.00 for the Primary and $5K for the general election. No coordinated expenditures were reported to the FEC on his behalf.

We and several other Congressional candidates got together with Wayne, and I'm sure others, and made the agreement that as part of our volunteer effort, we would pay for work done at K. Rove's and Praxis List. The candidates wanted more work done once the project got underway, and it was agreed that they would pay the balance. Wayne seems to recall us being billed instead of the candidates for the sake of bookkeeping convenience on Mr. Rove's part. We billed the candidates ourselves.

Early in 1983, Mr. Wentworth struck a deal with Wayne in that he would pay us what he owed us for the above mentioned work, if in turn we would turn around and pay some bills down in San Antonio that he was under a lot of pressure to pay. We paid these bills as part of the volunteer effort for his '82 election. There was some issue as to whether we were going to pay for him in '82 as a coordinated expenditure but we had reached his limit.

So the money we owe Karl will have to be reported as a volunteer effort on our part for his '82 Campaign.(I may have to file an amended report with the FEC, showing the debt owed to us by Wentworth, and the others.)

We did not pay Karl last year because we did not have enough money until towards the end of the year at which time other matters took precedent. Karl does have the right to charge us interest on this balance, whether he does or not will be up to yours or Buddy's persuasive powers.

F 3c 77

Greg Gross

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200

Cong Committee

Donations made in Coordinated Expenditures on behalf of these candidates.

1300 Guadalupe, Suite 203 • Austin, Texas 78701 • (512) 477-9821
Prepared and paid for by State Executive Committee, Republican Party of Texas

Attachment 2 to Exhibit VIII

Texas Republican Congressional Committee
Unreported Expenditures Apparently Made on Behalf of
a 1983 Special Election Campaign

Payee	Check Number	Date	Amount	Purpose
Republican Party of Texas	431	2/7/83	$ 500.00	Postage
Quick Print	432	2/7/83	162.70	Letters
CSI	435	2/28/83	305.23	Letters
Karl Rove	442	7/13/83	4,009.72	Mailing
Praxis List	443	7/13/83	369.78	List Rental
Karl Rove	444	7/19/83	9,564.69	Letters
		Total	$14,912.12	

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Possible Excessive Transfers to Federal Candidates

The Act, at 2 U.S.C. § 441a(a)(2)(A), prohibits a multicandidate committee from making contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $5,000. The Regulations, at 11 C.F.R. § 110.1(a)(2), define "with respect to any election" to mean, in the case of a contribution designated in writing for a particular election, but made after that election, shall be made only to the extent that the contribution does not exceed net debts outstanding from such election.

The Audit staff noted that the Committee made 5 contributions totaling $20,000 to two candidate committees after their Primary elections. The Committee disclosed 3 of these contributions totaling $10,000 for the Primary elections of the candidates. The remaining contributions ($10,000) were disclosed by the Committee as General election contributions to these same committees. (See details at Attachment 1 to Exhibit IX).

The Primary election was held May 5, 1984. The Primary contributions were made by the Committee between June 22, 1984 and July 26, 1984. The contributions disclosed by the Committee relating to the General election were made between September 18, 1984 and November 6, 1984.

During fieldwork, the Audit staff reviewed disclosure reports filed by the Committee and the Candidates' authorized committees, as well as the cancelled contribution checks maintained by the Committee. Although the Committee indicated on its FEC disclosure reports the election for which the contribution was made, the Committee could not provide documentation to demonstrate that the candidates were informed of the designations at the time the contributions were made. Moreover, the reports filed by the Candidates' authorized committees revealed that the candidate committees disclosed these "primary" conributions (totaling $10,000) as general election contributions.

Hence, during fieldwork it appeared that the Committee did not properly designate these contributions; and excessive contributions totaling $10,000 had been made to the two candidates listed on Attachment 1 to Exhibit IX who had no reported primary debts. In the Interim Report, the Audit staff recommended that the Committee provide evidence that the contributions listed on Attachment 1 to Exhibit IX were not excessive. Such evidence should have included documentation to show that the recipient committees were informed of the Committee's election designation at the time of the contribution, as well as evidence that the contributions designated for the primary elections were made to candidate committees who had primary debts at the time of the contribution.

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Alternatively, the Audit staff recommended that the Committee attempt to obtain refunds of the excessive contributions listed on Attachment 1 to Exhibit IX.

In their response to the Interim Report, the Committee took the position that the candidates were properly notified of the appropriate election designation. An affidavit from a former Committee political director was supplied in which he claimed both an oral and written designation occurred at the time of the contributions. However, the Committee did not provide any documentation in support of these claims and notes that the written designations were not retained. With respect to the issue of primary debts, the Committee again cites the affidavit of the former political director who claims that he or his assistant director "...contacted by telephone each of the campaign committees identified in Attachment 10 [sic] of the FEC Audit Report of the Texas Republican Congressional Committee, a true copy of which is attached to this affidavit as Exhibit 1, verified that they had a primary election debt." Again, the Audit staff was not supplied with any documentation to support these claims.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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Attachment 1 to Exhibit IX

Texas Republican Congressional Committee
Summary of Possible Excessive Transfers to Federal Candidates

Candiate	Contribution Date a/	Committee Designation	Amount	Excessive Amount Designation Adequate? Yes	Excessive Amount Designation Adequate? No	Candidate Designation	Primary Debt?
Boulter	6/22/84	Primary	$ 5,000		$5,000	General	NO
	9/18/84	General	5,000	$5,000		General	
Armey	5/22/84	Primary	$ 2,500			General	NO
	7/26/84	Primary	2,500		$5,000	General	NO
	11/06/84	General	5,000 b/	$5,000		General	
		Total	$20,000	$10,000	$10,000		

a/ The primary date was May 5, 1984.
The General election was held November 6, 1984.

b/ In-kind contribution.

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TX1/042988 - Mur 2594

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

A85-18

April 29, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 MAY -2 PM 12:55

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
MATTERS REFERABLE TO OFFICE OF GENERAL COUNSEL

As provided in our memorandum of April 6, 1988, attached as Exhibits II, III, X are the remaining referrals relative to our audit of the Texas Republican Congressional Committee as approved by the Commission on April 5, 1988. There has been no change in the texts of the referrals as approved by the Commission. We have expanded Attachment 1 to Exhibit II, Attachment 1 to Exhibit III, and Attachments 1 and 3 to Exhibit X to include cross-references for the same contributors appearing on more than one of these attachments and/or listed twice on the same attachments.

It should be noted that the entries appearing on Attachment 1 to Exhibit II, Attachment 1 to Exhibit X, and Attachment 3 to Exhibit X were generated based on our analysis of photocopies of contributor checks supplied in response to the interim report. Any entry which is cross-referenced from one of these three lists to a contribution on another one of these three lists with both entries having identical deposit dates represents the same contribution. On the other hand, Attachment 1 to Exhibit III was generated from a computer print-out available during fieldwork which Committee officials later explained is an unreliable listing of Committee contributions. Since the Audit staff could not verify that contributions listed on Attachment 1 to Exhibit III were actually deposited into Committee accounts, cross-references between this attachment and the other 3 attachments noted above represent apparent, but unverified matches. If you have any questions, please feel free to call Steve Sanford at 376-5320.

Attachments:

2304094583

Receipt of Contributions From Prohibited Sources

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution in connection with any Federal election or for any political committee to accept or receive any contribution prohibited by this section.

The Regulations, at 11 C.F.R. § 102.5(a)(1)(i), state, in part, that only funds subject to the prohibitions and limitations of the Act may be deposited in such separate federal account (as provided for by this section).

In the Interim Report, the Audit staff noted that Committee contribution records were incomplete. The Audit staff was unable to perform any substantive tests to verify the Committee's compliance with the contribution prohibition provisions in the Act and Regulations. Further, in the Interim Report the Audit staff noted that a review of a document which appeared to list Committee contributions (but could not be associated with deposits made to Committee accounts) indicated the receipt of several apparent corporate contributions and contributions from apparent unregistered political organizations.

In response to the Interim Report, the Committee made available check copies for contributions received greater than $50.00 which they requested from their bank. In subsequent discussions, Committee representatives discounted the validity of the document reviewed by the Audit staff during the initial fieldwork by saying that the boxes of check copies received from the bank are the Committee's donor file and represent the best set of contribution records available for Audit staff review.

The Audit staff reviewed these contributor checks which constitute 55% of the amount of Committee receipts received during the period covered by the audit. After verification with the office of the Texas Secretary of State, the Audit staff determined that these checks included 189 contributions from corporations totaling $194,508.00. These contributions are listed on Attachment 1 to Exhibit II.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
1. Adams & Francis A Professional Corporation **[See Item #3, Section C, Attachment 1 to Exhibit X]**	9/10/84	$ 100	4/02/82
2. Beth Cude Alamo Funeral Home	9/10/84	1,000	5/20/41
3. Tommy Cude Alamo Funeral Home	9/10/84	1,000	5/20/41
4. The Bone and Joint Clinic Dalton H. Carpenter, M.D., P.A.	9/10/84	50	1/20/70
5. Fred C. Alcorn Oil & Gas Account (Alcorn Production)[B/] **[Same as Item #54 Below]**	9/13/84	500	10/16/75
6. Les Kroeger Rental Account (Kroeger Enterprises)	9/13/84	250	3/12/83
7. Rhodes Drilling Company (Rhodes & Hicks)	9/13/84	100	1949
8. Belton K. Johnson and Patricia Z. Johnson **[See Item #12 on Attachment 3 to Exhibit X]**	9/17/84	2,000	2/23/81
9. Joe N. Pratt Seperate Property Account	9/21/84	1,000	2/20/84
10. Moore & Lentz	9/21/84	1,000	1981

A/ This column lists the exact name of the account on which the contribution was drawn. The Corporate name verified with the Secretary of State follows parenthetically if it is slightly different from the account holder.

B/ The Secretary of State also has a listing for Alcorn Exploration, incorporated 7-9-82.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
11. James C. Henry Holding Account (James Henry, CLU)	9/21/84	$ 100	4/13/82
12. Bayshore Development Co.	9/21/84	500	12/16/78
13. Lowell Slocum c/o Fintex Mortgage Co. **[See Item #24, Section C, Attachment 1 to Exhibit X]**	9/21/84	2,000	10/14/83
14. Larry O. Hulsey & Co. Petroleum Engineer P.E.	9/21/84	100	8/23/78
15. W. S. Kilroy Business Account **[See Item #17 on Attachment 3 to Exhibit X]**	9/21/84	1,000	3/15/52
16. Gerald D. Hines Special Disbursement Account **[See Item #18 on Attachment 3 to Exhibit X]**	9/21/84	500	1/11/83
17. Corum Development Company	9/27/84	500	8/18/78
18. The Keplinger Companies **[See Item #23 on Attachment 3 to Exhibit X]**	9/27/84	500	1/13/77
19. Paul F. Barnhart, Jr. Separate E	9/27/84	2,000	8/03/61
20. Paul F. Barnhart, Separate E	9/27/84	2,000	8/03/61
21. Ben Fortson (Fortson Bros.) **[Same as Item #91 below]**	9/27/84	5,000	1/03/61

[A] See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
22. Walter D. Grover Grover & Associates	11/15/84	$ 100	1981
23. M. A. McBee O-A (Mearl McBee) **[Same as Item #95 below]** **[See Item #48 on Attachment 3 to Exhibit X]**	10/01/84	100	6/25/79
24. Steve Stamper Business Account (Stamper Operating Co.)	10/01/84	1,000	1/20/84
25. Robert J. Hewitt, Jr. Investment (Alcorn Production)[B/] **[May be same as Item #37 on Attachment 1 to Exhibit III]**	10/01/84	500	10/16/75
26. Ralph Way Special (Ralph Way, Inc.)	10/01/84	1,000	10/18/79
27. J. M. Haggar, Jr. Special Account	10/01/84	5,000	5/18/27
28. W.C. Pickens - Special (Pickens Product)[C/]	10/01/84	2,000	1/13/67
29. Lee M. Bass Special	10/01/84	5,000	3/22/83
30. James or Geneva Donald c/o Digital Switch Corporation	10/02/84	5,000	9/02/81
31. Edward J. Cummins, Investments (Cummins Investment)	10/02/84	4,000	11/29/73

A/ See page 1 of Attachment 1 to Exhibit II.
B/ See page 1 of Attachment 1 to Exhibit II. Robert J. Hewitt was one of the incorporators, according to Secretary of State Records.
C/ The Secretary of State also has a listing for Pickens Co., incorporated 4-12-71.

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Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
32. Easley Enterprises Developers	10/04/84	$ 100	7/27/77
[See Item #25 on Attachment 3 to Exhibit X]			
33. George A. Shutt Office Account (George & Nancy Shutt Foundation)	10/04/84	10,000	12/22/82
[Same as Item #122 below]			
34. John Gregg Middleton Special Account	10/04/84	2,000	4/25/80
35. William E. Carl Operating Account	10/04/84	5,000	12/15/80
36. Johnnie Schulte or Barbara Schulte Special Account (Schulte Cattle)	10/04/84	2,000	7/29/81
37. Alden E. Wagner Investment Account (Alden E. Wagner, Jr., Inc.)	10/04/84	2,000	6/11/82
38. Sid R. Bass, Special (Bass Foundation)	10/04/84	5,000	1/21/63
[Same as Item #39 Below]			
[May be same as Item #5 on Attachment 1 to Exhibit III]			
39. Sid R. Bass, Special (Bass Foundation)	10/04/84	5,000	1/21/63
[Same as Item #38 Above]			
[May be same as Attachment 1 to Exhibit III]			

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
40. Edward P. Bass, Special (Bass Foundation)	10/04/84	$ 5,000	1/21/63
41. James H. Clement Jr. Investment Account	10/09/84	2,000	6/11/70
42. J. W. Campbell Investment Account (J.W. Campbell & Associates)	10/09/84	2,000	3/8/74
43. R.S. Langham c/o Langham Petroleum Co.	10/15/84	1,000	3/29/79
44. Jones Company (Jones Management)	10/15/84	1,000	3/31/59
45. Tom G. Prior Business Account (Prior Offshore Exploration)	10/15/84	100	4/16/81
46. Rogers Brothers Investments Investment Companies Escrow Acocunt (Victor Rogers, Inc.)	10/15/84	4,000	12/15/82
47. Franklin, Sylvester and Co. **[See Item #33 on Attachment 3 to Exhibit X]**	10/15/84	2,000	12/13/71
48. William M. Wheless, III Special Account (Wheless Investment Co.)[D/]	10/15/84	2,000	3/16/76

A/ See page 1 of Attachment 1 to Exhibit II.

D/ The Secretary of State also has a listing for Wheless Development, incorporated 1-18-79.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
49. Strief (logo) Robert E. Strief (Strief Capitol)	10/15/84	$ 1,000	1935
50. Rodman S. Peddie Special Account (Peddie-Wheless) **[Same as Item #51 below]**	10/15/84	2,000	9/08/72
51. Rodman S. Peddie Special Account (Peddie-Wheless) **[Same as Item 50 above]**	10/15/84	2,000	9/08/72
52. Arthur L. Owen General Insurance - Bonds - Life	10/15/84	2,000	9/02/69
53. Preston Moore, Jr. Wilson Industries, Inc.	10/15/84	2,000	1/05/21
54. Fred C. Alcorn Oil & Gas Account (Alcorn Production)[B] **[Same as Item #5 above]**	10/15/84	2,000	10/16/75
55. Mrs. J. G. Bertman - Special (Bertman Drilling & Producing) **[See Item #63, Section C, Attachment 1 to Exhibit X]**	10/15/84	2,000	7/31/72
56. Bank-O-Property	10/15/84	2,000	8/22/83
57. B. Gill Clements - Special (Pauline Allen Gill Foundation)[E] **[May be same as Item #18 on Attachment 1 to Exhibit VII]**	10/15/84	10,000	9/05/74

A/ See page 1 of Attachment 1 to Exhibit II.
B/ See page 1 of Attachment 1 to Exhibit II.
E/ Account holder is registered agent for corporation listed in parenthesis.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
58. Fred L. Oliver Production Account	10/15/84	$ 2,000	1959
59. W.L. Todd, Jr., Special (AKA South States Drilling)	10/15/84	1,000	1982
60. S.M. Ferguson, Jr. Oil Account (Ferguson Petroleum Co.)	10/15/84	2,000	6/01/82
61. R. Morgan Properties (R. Morgan, Inc.)	10/15/84	5,000	1983
62. Don P. DeWalch et. al. Trust Dated 10-27-61 (DeWalch Enterprises)	10/19/84	1,000	1946
63. J. Frank Stringer, Jr. Business Account (Stringer Corp.)	10/19/84	1,500	1971
64. David H. Rolke, Sr. Rolke Enterprises (David Rolke Realty) **[See Item #35 on Attachment 3 to Exhibit X] [May be same as Item #52 Attachment 1 to Exhibit III]**	10/19/84	10,000	1979
65. James M. Blakemore Business Account (Marion Blakemore Foundation)	10/19/84	2,500	1975
66. Robert Klabzuba and or Doris Klabzuba Special (Klabzuba Operating)[F/] **[Same as Item #137 and #139 below]**	10/19/84	5,000	5/21/84

A/ See page 1 of Attachment 1 to Exhibit II.
F/ The Secretary of State also has a listing for Klabzuba Royalty, incorporated in 1966.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
67. Doyle Bently Oil Account (Bentley Oil & Gas)	10/19/84	$ 500	8/12/81
68. Clyde R. Bickham Special Account (The Bickham Company) **[Same as Item #79 below]**	10/22/84	2,000	1976
69. Butler Interests, Ltd. (J. R. Butler Investment)	10/25/84	1,000	1974
70. JJB Express	10/29/84	1,000	9/23/83
71. Wm. C. Milstead Special Account (Milstead Co.)	10/29/84	200	11/30/73
72. Albert G. Metcalfe Oil Account	10/29/84	2,000	1/28/78
73. Jimmy E. Ellis, Contractor (J. Ellis, Inc.)	10/30/84	100	7/27/83
74. S.P. Mandell - Special (Mandell Enterprises)	10/30/84	100	2/17/76
75. Douglass Y. Nichols Special (Doug Nichols Builders, Inc.)	10/30/84	$ 100	1978
76. Mr. or Mrs. Meredith J. Long Special Account (Merideth Long and Company)	10/30/84	1,000	1959

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
77. Schuster Insurance Associates (Schuster Management)	10/30/84	$ 500	2/09/59
78. Thomas C. Thompson Special Account (Thompson Development or Thompson Petroleum Co.)	10/30/84	2,000	2/20/80
79. Clyde R. Bickham Special Account (The Bickham Company) [Same as Item #68 above]	10/30/84	2,000	1976
80. Michael P. Massad CLU Agency	10/30/84	100	6/11/62
81. Odell Construction Company [See Item #75, Section C, Attachment 1 to Exhibit X]	11/16/84	100	5/10/79
82. P & V Oil Company	11/16/84	100	1983
83. Austin's Carpet Cleaning & Rental Company	11/28/84	100	6/09/81
84. Betty T. Johnston Investment Account (H. G. Johnston Investments)	11/28/84	5,000	10/20/82
85. R.B. McGowen, Jr. Special (McGowen Properties) [See Item #9, Section A, Attachment 1 to Exhibit X]	11/28/84	250	6/23/83

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
86. The IFA Fund (IFA, Inc.) **[See Item #78, Section C, Attachment 1 to Exhibit X]**	11/28/84	$ 500	1983
87. James J. Johnston (H. G. Johnston Investment)	11/28/84	5,000	10/20/82
88. George E. Kadane Operating Account **[See Item #2, Section D, Attachment 1 to Exhibit X]**	2/01/83	100	8/16/73
89. Edw. G. Kadane Operating Account **[See Item #3, Section D, Attachment 1 to Exhibit X]**	2/01/83	250	12/15/82
90. W. L. Lindeman Drilling & Production	2/09/83	250	1/09/78
91. Ben Fortson Oil Account **[Same as Item #21 above]**	2/11/83	250	4/03/73
92. Fike Godfrey Ranch Account (Godfrey Farms)	8/04/83	100	12/15/82
93. Maples Associates Architects Engineers	8/09/83	100	1/21/71
94. M. H. Marr **[See Item #46 on Attachment 3 to Exhibit X]**	1/24/84	250	6/27/83
95. M. A. McBee, O-A (Mearl McBee) **[See Item #48 on Attachment 3 to Exhibit X same as Item #23 above]**	1/25/84	150	6/25/79
96. Malcolm E. Hinkle Investments **[See Item #50 on Attachment 3 to Exhibit X]**	1/25/84	200	3/10/52
97. Pitzer Enterprises P. W. Pitzer Jr. (Pitzer Energy) **[See Item #55 on Attachment 3 to Exhibit X]**	2/3/84	150	4/16/81

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
98. William P. Aycock Operating Account [See Item #68 on Attachment 3 to Exhibit X]	3/27/84	$ 1,000	2/19/69
99. Robert J. Cowan Attorney at Law Operating Account	4/11/84	250	6/25/81
100. Concho Valley Farms	4/20/84	100	5/07/83
101. James O. Murphy, M.D. Office Account	4/20/84	100	6/30/80
102. Phillip D. Dunford Oil & Gas Properties [See Item #75 on Attachment 3 to Exhibit X]	4/23/84	100	12/27/82
103. H. Arthur Nelson, D.D.S., P.C.	4/25/84	100	12/28/71
104. Dr. M. A. Childers Business Account (Childers Products)	4/25/84	100	10/05/81
105. Kemco Plant Maintenance Division of Kemco Chemical Co. (Kemco Industries) [See Item #78 on Attachment 3 to Exhibit X]	4/25/84	100	1961
106. J. Gordon McGill Office Account (McGill Properties) [See Item #79 on Attachment 3 to Exhibit X]	4/25/84	250	12/06/82
107. Pieter Huysman Airflow, Inc.	5/01/84	250	10/23/67
108. Thomas. W. Blake Blake Oil Company	5/04/84	100	1977
109. W. P. Carr Operating Account	5/04/84	100	12/16/79

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
110. CCT & Co. [See Item #87 on Attachment 3 to Exhibit X]	5/09/84	$ 100	2/04/71
111. Frank W. Michaux Office Account (Michaux Properties) [See Item #88 on Attachment 3 to Exhibit X]	5/09/84	100	1983
112. William R. Weaver M.D.	5/09/84	100	1981
113. Harco Tools, Inc. [See Item #80, Section C, Attachment 1 to Exhibit X]	5/09/84	100	6/08/79
114. Jerry Green, Inc. [See Item #89 on Attachment 3 to Exhibit X]	5/11/84	100	9/15/76
115. Fritz L. Duda Business Account [See Item #93 on Attachment 3 to Exhibit X]	5/22/84	100	7/09/80
116. Charles B. Renaud Oil Account (Renaud Enterprises)	5/23/84	100	1973
117. Brisco Bros. (Brisco Enterprises)	5/29/84	100	1974
118. Lester Clark, Special (Lester Clark Foundation)	5/31/84	100	1966
119. Cary's Companies (Cary's Cars)	5/31/84	100	1973
120. Krueger & Co. (Krueger, Krueger, & King) [See Item #100 on Attachment 3 to Exhibit X]	6/04/84	150	1981
121. Hawn Operating Account [See Item #101 on Attachment 3 to Exhibit X]	6/04/84	100	1975

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

	Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
122.	George A. Shutt Office Account (George & Nancy Shutt Foundation) **[Same as Item #33 above]**	6/05/84	$ 250	1982
123.	Northridge Oil Company	6/05/84	100	1972
124.	Jimmy Gibson Landscape Contractor, Inc. **[See Item #108 on Attachment 3 to Exhibit X]** **[Same as Item 169 below]**	6/19/84	100	1978
125.	Raymond R. Betz Interests **[Same as Item #163 below]** **[See Item #177 on Attachment 3 to Exhibit X]**	6/26/84	100	1980
126.	Mr. & Mrs. William T. Griffin Special	6/26/84	100	1981
127.	Horton Oil Company **[See Item #112 om Attachment 3 to Exhibit X]**	6/26/84	200	1964
128.	C. H. Mayo Farm Account	6/26/84	100	1976
129.	Joe L. Ward Jr. - Special	6/26/84	100	1959
130.	Cold Storage Construction, Inc. **[See Item #120 on Attachment 3 to Exhibit X]**	7/13/84	100	1979
131.	Gordon L. Briscoe, General Account (Law Offices)	7/13/84	100	1982
132.	John L. Gerloff, DDS, Inc.	7/13/84	100	1972

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

	Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
133.	Robert Jorrie Real Estate	7/13/84	$ 100	1975
	[See Item #122 on Attachment 3 to Exhibit X]			
134.	Herbert R. Smith, Special	7/25/84	100	1970
135.	A. L. Hogan Jr. Investments	7/20/84	100	1981
136.	Law Offices Rucker & Rucker	8/06/84	100	1980
	[See Item #135 on Attachment 3 to Exhibit X]			
137.	Robert Klabzuba and or Doris Klabzuba Special (Klabzuba Operating)[F/]	8/06/84	500	5/21/84
	[Same as Item #66 above and #139 below]			
138.	Herbert or Douglas Broemer or Celia Dunlop Colonial Farms Day Care	8/09/84	100	1982
139.	Robert Klabzuba and or Doris Klabzuba Special (Klabzuba Operating)[F/]	8/10/84	1,000	5/21/84
	[Same as Items #66 amd #137 above]			
140.	Hinkson's Angus Farm (Hinkson Cattle)	8/10/84	100	1971
	[See Item #141 on Attachment 3 to Exhibit X]			
141.	James H. Alexander, Sr. Special Account	8/10/84	100	1970

A/ See page 1 of Attachment 1 to Exhibit II.

F/ See page 7 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

	Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
142.	R. Leon Gibson, Oil Account (Gibson Oil)	8/14/84	$ 500	1970
143.	Edith Jones O'Donnell Separate (O'Donnell Foundation)	8/14/84	2,500	1957
144.	Peter O'Donnell Jr. Office Account (O'Donnell Foundation)	8/14/84	2,500	1957
145.	Sean Byrne Company	8/22/84	100	1981
146.	Faber McMullen, MD Assoc	8/22/84	100	1980
147.	Charlotte C. Couch, Special Account (Couch Investment)	8/22/84	1,000	1978
148.	William Wilson Real Estate	8/22/84	100	1979
149.	Maxwell McKaye Consulting Account	8/22/84	100	1980
150.	Palazzo Properties (Palazzo Jewelers) **[See Item #154 on Attachment 3 to Exhibit X]**	8/22/84	200	7/12/84
151.	Gullo-Haas Toyota **[See Item #157 on Attachment 3 to Exhibit X]**	8/28/84	500	1970
152.	New World Management **[See Item #160 on Attachment 3 to Exhibit X]**	8/28/84	100	1976
153.	Mrs. French M. Robertson Special (Robertson Oil Co.)	9/05/84	100	1981

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

	Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
154.	Shadywood Properties **[See Item #165 on Attachment 3 to Exhibit X]**	9/10/84	$ 100	1973
155.	Bruce W. Blake Oil & Gas Properties (Blake Oil & Gas)	9/18/84	100	1977
156.	Sean Byrne Company **[See Item #168 on Attachment 3 to Exhibit X]**	9/18/84	250	1981
157.	Austin Construction Company **[See Item #169 on Attachment 3 to Exhibit X]**	9/18/84	100	1977
158.	Hydro Equipment Sales (Hydro Pump & Equipment) **[See Item #171 on Attachment 3 to Exhibit X]**	9/18/84	75	1981
159.	Amistad Lodge Myers Enterprises, Inc. **[See Item #172 on Attachment 3 to Exhibit X]**	9/18/84	50	1975
160.	Saverio Giammalva Properties (Charles Giammalva) **[See Item #173 on Attachment 3 to Exhibit X]**	9/18/84	100	1979
161.	Mr. J. N. Brigance Royalty Account (Brigance Office Products)	9/19/84	100	1977
162.	Mr. & Mrs. John J. Saracco Real Estate Account (Saracco Agency)	9/21/84	100	2/21/84
163.	Raymond R. Betz Interests [Same as Item #125 above] **[See Item #177 on Attachment 3 to Exhibit X]**	9/25/84	250	1980

A/ See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
164. William N. Hamilton Special Account	10/02/84	$ 125	1981
165. Duderstadt Surveyors & Optical Instrument Repair Company	10/02/84	100	1979
166. John L. Hancock Special Account	10/02/84	100	3/20/84
167. Don Stone Farms (Don Stone Grass Farms) **[See Item #179 on Attachment 3 to Exhibit X]**	10/04/84	100	1974
168. Bob Henderson Properties (Bob Henderson & Assoc., Inc.)	10/04/84	100	1979
169. Jimmy Gibson Landscape Contractor, Inc. **[Same as Item #124 above]** **[See Item #108 on Attachment 3 to Exhibit X]**	10/17/84	150	1978
170. Mid-Town Campers Inc. **[See Item #181 on Attachment 3 to Exhibit X]**	10/18/84	100	1973
171. McDonald Equipment Co.	10/19/84	50	1974
172. Lazy 'D' Ranch Leonard Insurance Agency (Lazy Double D Ranch, Inc.) **[See Item #183 on Attachment 3 to Exhibit X[**	10/19/84	100	1982
173. Balmorhea Feeders, Inc.	10/19/84	100	1973

[A] See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

Contributor Account Holder[A]	Deposit Date	Amount	Date of Incorporation
174. Durham & Durham Lawyers (Durham Slagle & Durham) [See Item #185 on Attachment 3 to Exhibit X]	10/19/84	$ 100	1983
175. Ben T. Kirkpatrick, DDS, P.C.	10/29/84	100	1976
176. Joe Denton Investments (Joe Denton Rental & Leasing)	10/29/84	100	1968
177. W. A. Landreth, Special (Landreth Companies)	10/29/84	100	1941
178. John B. Goss Sr. DBA Magnolia Services (Magnolia Construction)	10/29/84	100	8/16/84
179. James E. Byrn & Associates Civil Engineers-Land Surveyors [See Item #191 on Attachment 3 to Exhibit X]	11/05/84	100	1959
180. Sam Sparks Special Account	11/05/84	100	1963
181. Jerrie Keith Rental Properties	11/06/84	100	1949
182. Rountree Oldsmobile Cadillac (Rountree Co.) [See Item #194 on Attachment 3 to Exhibit X]	11/06/84	100	1965
183. H. V. Porter (Porter Company)	11/06/84	100	1961
184. Roy W. Renfrow Farm Special	11/15/84	100	1981
185. Caven Enterprises	11/15/84	100	1981

[A] See page 1 of Attachment 1 to Exhibit II.

Texas Republican Congressional Committee
Apparent Corporate Contributions Received

	Contributor Account Holder[A/]	Deposit Date	Amount	Date of Incorporation
186.	James H. Greer Special Account (James H. Greer Interests)	11/15/84	$ 100	1962
187.	AAA Air Conditioning & Refrigeration Services [See Item #197 on Attachment 3 to Exhibit X]	11/15/84	58	1980
188.	Douglas B. Marshall Operating Account	12/27/84	100	1980
189.	Richard B. Hamm, Special	12/28/84	100	1983
	Total (189 Contributions)		$194,508	

[A/] See page 1 of Attachment 1 to Exhibit II.

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Receipt of Excessive Contributions

Section 441a(a)(1)(c) of Title 2 of the United States Code states that no person shall make contributions to any political committee in any calendar year, which in the aggregate, exceed $5,000.

Section 103.3(b)(1) of Title 11 of the Code of Federal Regulations1/ states, in part, that contributions which appear to be illegal should be within 10 days, either returned to the contributor or deposited into the campaign depository, and reported. The Treasurer shall make his or her best efforts to determine the legality of the contributions.

In the Interim Report, the Audit staff noted that a review of an unverified Committee computer printout of contributions indicated receipt of $624,100 in contributions from 66 individuals which were in excess of the limitation by $294,100. See Attachment 1 to Exhibit III. Further, the Audit staff noted that $33,425 of the $294,100 had been transferred to the Committee's non-federal account. However, the Audit staff was unable to verify if the transfers were made in accordance with 11 C.F.R. § 103.3. Therefore, in the Interim Report the Audit staff recommended that the Committee provide documentation to show that (a) the apparent excessive contributions were not excessive and (b) the excessive amounts were transferred to the non-federal account in accordance with 11 C.F.R. § 103.3. Absent such a showing, the Audit staff recommended that the Committee refund the excessive portions to the contributors, or transfer the excessive portions to its non-Federal account(s). If the Committee did not have the funds available to make the transfers or refunds, the Audit staff recommended that the amount be disclosed as a debt until such time as funds are available.

In their response, the Committee first noted that many of the apparent excessive contributions were written on two-party (e.g., husband and wife) checks. Hence, the response concluded that "an allocation of the amounts contributed between the two owners of the checking account on which the contributions had been written would, for the most part, preclude the occurrence of any excessive contributions." However, the Committee went ahead and sent letters to the individuals who made the apparent excessive contributions "requesting verification of the appropriate allocation of these contributions." The Committee's

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1/ Citations from Parts 100, 102, 103, 104, and 110 of the Code of Federal Regulations refer to Regulations in effect prior to the April 8, 1987 amendments to 11 C.F.R. §§ 100, 102, 103, 104, 110.

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response states that "the Committee has verified that 55 of the 66 contributions indentified by the auditors were not excessive under the Act." Two contributors could not be contacted because they are now deceased and the response states that, "The Committee will transfer funds equal to the amount of those remaining contributions which may be in excess of the statutory limitations to its non-federal account as soon as possible." The response makes no comment as to the timing of any transfers of excessive contributions to its non-federal account vis a vis 11 C.F.R. § 103.3. Finally, the response noted that contributor check copies greater than $50 would be made available for Audit staff review.

As noted in Exhibit I, the Audit staff reviewed these contributor check copies which constitute about 55% of the amount of Committee receipts deposited during the period covered by the audit. Based upon a review of these check copies and the associated reattribution letters, it appears that the Committee's response states fairly the status of the attempted resolution of these excessive contributions. However, it is the opinion of the Audit staff that none of the apparent excessive contributions were handled in a timely manner in accordance with 11 C.F.R. § 103.3.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel.

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Texas Republican Congressional Committee
Apparent Excessive Contributions

	Contributor	Amount	Excessive Portion
1.	Adams, K. S.	$10,000	$5,000
2.	Baker, Johnny	10,500	5,500
3.	Baker, J. D.	5,500	500
4.	Bass, Lee	10,000	5,000
5.	Bass, Sid R. **[May be same as Items #38 and 39 on Attachment 1 to Exhibit II]**	10,000	5,000
6.	Bell, Paul G.	5,500	500
7.	Bellows, George	10,000	5,000
8.	Bigelow, F. E. Jr.	10,000	5,000
9.	Boeckman, Duncan E.	10,000	5,000
10.	Bolin, Phil	10,000	5,000
11.	Bright, H. R.	10,000	5,000
12.	Brinkman, L. D.	10,000	5,000
13.	Brey, J. Fred	10,000	5,000
14.	Burns, L. D.	10,000	5,000
15.	Campbell, Sanders	10,000	5,000
16.	Charlton, George	10,000	5,000
17.	Chiles, Eddie	10,000	5,000
18.	Clements, G. Gill **[May be same as Item #57 on Attachment 1 to Exhibit II.]**	10,000	5,000

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Texas Republican Congressional Committee
Apparent Excessive Contributions

Contributor	Amount	Excessive Portion
19. Clements, William P. Jr.	$10,000	$5,000
20. Cocke, J. R.	10,000	5,000
21. Connor, James Lewis	10,000	5,000
22. Cooper, William R.	10,000	5,000
23. Corrigan, Leo F., Jr.	10,000	5,000
24. Counts, Donald	10,000	5,000
25. Creech, Stan	10,000	5,000
26. Dannenbaum, Jim	10,000	5,000
27. Eckels, Bob	10,000	5,000
28. Emde, William	10,500	5,500
29. Eulich, John F.	10,000	5,000
30. Fair, Wilton	8,500	3,500
31. Fair, James W.	10,000	5,000
32. Fuller, W. M.	10,000	5,000
33. Garwood, St.John [May be same as Item #8, Section D, Attachment 1 to Exhibit X]	5,500	500
34. Gayden, W. K.	10,000	5,000
35. Hamill, Claud B.	10,000	5,000
36. Hamon, Jake L.	10,000	5,000
37. Hewitt, Robert J. [May be same as Item #25 on Attachment 1 to Exhibit II]	5,500	500

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Texas Republican Congressional Committee
Apparent Excessive Contributions

Contributor	Amount	Excessive Portion
38. Hill, John H.	$10,000	$5,000
39. Kickerillo, Vincent D. [May be same as Item #28 om Attachment 3 to Exhibit X (see also #29 therein)]	10,000	5,000
40. Leggett, Marvin	10,000	5,000
41. Marquez, Thomas	10,000	5,000
42. McGovern, John P.	10,000	5,000
43. Mischer, Walter M.	10,500	5,500
44. Moncrief, W. A.	10,000	5,000
45. Oswald, N. D.	10,000	5,000
46. Papadopoulos, C. N.	10,000	5,000
47. Parker, Larry	10,000	5,000
48. Penson, John G.	10,000	5,000
49. Perry, Bob	10,000	5,000
50. Pitcock, James D. Jr.	10,000	5,000
51. Prothro, Charles N.	10,000	5,000
52. Rolke, David H. [May be same as Item #35 om Attachment 3 to Exhibit X and Item #64 on Attachment 1 to Exhibit II]	10,000	5,000
53. Runnells, Clive [May be same as Item #56 om Attachment 3 to Exhibit X]	6,000	1,000
54. Russo, Joe E.	7,000	2,000
55. Sandefer, J. D. III.	10,000	5,000

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Texas Republican Congressional Committee
Apparent Excessive Contributions

Contributor	Amount	Excessive Portion
56. Schoellkopf, Hugo, III.	$ 5,100	$ 100
57. Sharp, Dudley	11,000	6,000
58. Shivers, Allan	10,000	5,000
59. Stemmons, John M.	7,000	2,000
60. Storm, James C.	10,000	5,000
61. Upham, Chester R.	9,000	4,000
62. Walter, John T.	10,000	5,000
63. Williams, Clayton, W.	10,000	5,000
64. Winston, J. O. [May be same as Item #11 on Attachment 3 to Exhibit X]	10,000	5,000
65. Wyatt, Oscar	10,000	5,000
66. Youngblood, V. Lee	7,000	2,000
Total 66 Individuals	$624,100	$294,100

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Apparent Unreported Earmarked Contributions

The Act, at 2 U.S.C. § 441a(a)(8), requires that all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate for purposes of the limitations imposed by this section. This section further requires that the intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient. The Regulations, at 11 C.F.R. § 110.6, expand upon the definition of, and the reporting requirements for the intermediary or conduit, of earmarked contributions. Specifically, 11 C.F.R. § 110.6(b) defines "earmarked" to mean a designation, instruction, encumbrance (including those which are direct or indirect, express or implied, oral or written) which results in a contribution being made to a clearly identified candidate or a candidate's authorized committee. The relevent reporting provisions at 11 C.F.R. § 110.6(c) require the intermediary or conduit of an earmarked contribution to report the original source and intended recipient of the contribution to the Commission as well as the intended recipient. These reports shall include the name and mailing address of the contributor and if the contribution exceeds $200, the contributors occupation and the name of his or her employer, the date, amount, and intended recipient of the contribution, and the date and method by which the contribution was passed on to the intended recipient.

The Regulations, at 11 C.F.R. § 104.8(c), require that absent evidence to the contrary, any contribution made by check, money order, or other written instrument shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee.

During fieldwork, and as noted in the Interim Report, the Audit staff did not have access to adequate records to review the Committee's compliance with the provisions of the Act and Regulations with respect to contributions received. In response to the Interim Report, the Committee supplied the Audit staff with check copies which adequately documented about 55% of the contributions deposited into the Committee's depositories. The Audit staff reviewed these check copies and noted that 23 contributions, totaling $22,100, made payable to "Reagan-Bush" were deposited into the Committee's depositories. Another 3 contributions, totaling $1,050, made payable to "Phil Gramm" (a 1984 Senatorial candidate), were deposited into the same account. The Audit staff also noted that 7 contributions, totaling $2,900, made payable to William Clements (not a federal candidate), were deposited into these accounts. See Attachment 1 to Exhibit X, Sections A., B., and E).

In addition to the contributions detailed above, the Audit staff noted that the memo line on check copies representing 100 contributions, totaling $85,300 made reference to Reagan-Bush. Another 9 contributions, totaling $2,000, made reference to Phil Gramm on the memo line. (See Attachment 1 to Exhibit X, Sections C and D). There is no indication in the records made available to the Audit staff that the Committee considered these contributions to be earmarked as indicated. No transfers were made to the candidates designated. Finally, there was no indication on FEC reports or any other Committee documentation that these contributions were passed on to the apparent intended recipients. Unless there is some other documentation or clarification available from the Committee, it is the opinion of the Audit staff that these contributions are earmarked as defined by 2 U.S.C. § 441a(a)(8) and should be accounted for and disclosed as required by 11 C.F.R. § 110.6.

During fieldwork, the Audit staff did not have access to Committee officials who were knowledgeable about the Committee's fundraising procedures during the period covered by the audit. However, the records made available during fieldwork and in response to the Interim Report provide some insight into how the Committee raised their funds. Included at Attachment 2 to Exhibit X are samples of solicitation devices used by the Committee. It is the opinion of the Audit staff that these pieces may have confused the potential contributor as to who was actually soliciting the funds. The appeals by, and on behalf of the federal candidates are more prevalent than the references (in small print) to the Committee itself. It is the opinion of the Audit staff that these solicitations may have been the cause of the apparent earmarked contributions. It should be noted that in the opinion of the Audit staff, contributions made payable to "Texas Reagan Team" (not included in the above amounts) should not be considered as earmarked. However, we did note that the Committee received 1807 contributions totaling $236,462.00 made payable to the Texas Reagan Team.

In addition to the contributions noted above, the Audit staff reviewed check copies for 200 contributions totaling $106,351 which appeared to be signed by someone other than the account holder. (See Attachment 3 to Exhibit X).

Recommendation

The Audit staff recommends that these matters be referred to the Office of General Counsel.

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

A. Reagan-Bush Campaign is Indicated as Payee

	Name	Deposit Date	Amount
1.	Clayton Mitchell	9/18/84	$ 100
2.	John Wensley	9/18/84	50
3.	DeWitt McDonald	9/18/84	100
4.	John Stemmons	10/1/84	5,000
5.	Jack Roddy	10/29/84	1,000
6.	Pat Chapman	11/16/84	1,000
7.	Frank Neindorf	11/28/84	3,000
8.	Robert Rowland	11/18/84	200
9.	R. B. McGowen [See Item #85 om Attachment to Exhibit II]	11/28/84	250
10.	Walter Johnson	11/28/84	500
11.	James Powell	11/28/84	1,000
12.	Sandra Dunman	11/18/84	1,000
13.	Harry Hudgins	9/10/84	4,650
14.	M. Bookman Peters	9/17/84	1,000
15.	Ray Gill	9/17/84	600
16.	Robert Semple	9/21/84	250
17.	Richard Mockler	10/1/84	500
18.	William Moss	10/29/84	100
19.	Melvin Wilson	10/30/84	100
20.	Ashley Major	9/10/84	500

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

A. Reagan-Bush Campaign is Indicated as Payee (continued)

Name	Deposit Date	Amount
21. Virginia Linthicum	10/29/84	$ 100
22. Lloyd Fadrique	11/5/84	1,000
23. J. L. Hall	11/6/84	100
Total (A. Reagan-Bush Indicated as Payee) 23 items		$22,100

B. Phil Gramm Campaign is Indicated as Payee

Name	Deposit Date	Amount
1. E. J. White	10/19/84	$ 50
2. Harold Carson	2/1/83	500
3. Sanford McCormick	2/9/83	500
Total (B. Phil Gramm Indicated as Payee) 3 items		$ 1,050

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry

Name	Deposit Date	Amount
1. Gordon Griffin	9/10/84	$ 500
2. T. A. Reynolds	9/10/84	1,000
3. Carl Adams **[See Item #1 om Attachment 1 to Exhibit II]**	9/10/84	100
4. Edyth Wells	9/10/84	200

P30409446 13

Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
5.	Earl Little	9/10/84	$ 50
6.	John Ferrell	9/10/84	50
7.	Jerry Roberts	9/10/84	100
8.	C. S. Hinton	9/10/84	250
9.	Jack Mann	9/10/84	200
10.	Robert Milstead	9/13/84	100
11.	Harold Weiser	9/13/84	50
12.	John Gray	9/13/84	300
13.	Douglas Marclay	9/13/84	1,000
14.	Paul Salmonsen	9/13/84	50
15.	Jim Heath	9/17/84	150
16.	Tucker Bridwell	9/17/84	50
17.	Frances Cody	9/18/84	500
18.	Wallace Hall	9/18/84	5,000
19.	Joseph Miller	9/21/84	100
20.	Lucille Pratt	9/21/84	1,000
21.	Mrs. John Stormont	9/21/84	1,000
22.	Simon Cornelius	9/21/84	3,000
23.	George Taggart	9/21/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
24.	Lowell Slocum **[See Item #13 om Attachment 1 to Exhibit II]**	9/21/84	$ 2,000
25.	Ross Boykin	9/21/84	500
26.	John Sutton	9/25/84	100
27.	Hazel Tilton	9/27/84	500
28.	David Mackie	9/27/84	500
29.	Jeff Harris	9/27/84	1,000
30.	Robert Lake	10/1/84	500
31.	R. Denny Alexander	10/1/84	1,000
32.	R. D. Cullen	10/1/84	250
33.	D. J. Scherfenberg	10/1/84	2,000
34.	Kelly Beal	10/1/84	1,000
35.	Spencer Beal	10/1/84	2,000
36.	Boley Embrey	10/1/84	1,000
37.	Carlton Beal	10/1/84	2,000
38.	Michael Reilly	10/1/84	1,000
39.	Banc Texas PAC	10/1/84	2,000
40.	John Hurd	10/2/84	2,000
41.	Raymond Hankamer	10/2/84	2,000
42.	Edwin Jordan	10/2/84	5,000

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
43.	J. W. Gordon	10/4/84	$ 2,000
44.	Becky Motley	10/4/84	2,000
45.	Larry Stegent	10/4/84	2,000
46.	Eugene Howard	10/4/84	1,000
47.	Maxie Liggin	10/4/84	2,000
48.	Spencer Taylor	10/4/84	2,000
49.	Ernest Cockrell	10/4/84	2,000
50.	James Russell	10/4/84	1,000
51.	Fred Wolma	10/4/84	200
52.	John Heyburn	10/9/84	3,000
53.	Henry Bell	10/9/84	500
54.	Courtney Cowden	10/15/84	100
55.	Jay Ethington	10/15/84	100
56.	H. B. Zachary	10/15/84	2,000
57.	Cipriano Guerra	10/15/84	1,000
58.	Stephen Smith	10/15/84	5,000
59.	Jack Currie	10/15/84	2,000
60.	James Wilson	10/15/84	100
61.	Isabel Wilson	10/15/84	1,000

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
62.	Ralph O'Connor	10/15/84	$ 2,000
63.	Mrs. J. G. Bertman **[See Item #55 on Attachment 1 to Exhibit II]**	10/15/84	2,000
64.	David Wegner	10/19/84	150
65.	DeWitt Brown	10/19/84	1,000
66.	Craig Hall	10/19/84	2,000
67.	John Stafford	10/19/84	1,000
68.	Mrs. H. C. Keeter	10/23/84	200
69.	Mrs. John Schneider	10/29/84	500
70.	Alamo City Republican Women	10/29/84	250
71.	Forrest Robertson	10/29/84	100
72.	Hall Timanus	10/30/84	200
73.	Pamela Hodges	10/30/84	100
74.	Bill Tolbert	11/16/84	100
75.	Tom Odell **[See Item #81 on Attachment 1 to Exhibit II]**	11/16/84	100
76.	Triphene Middleton	11/16/84	1,000
77.	Bill Thacker	11/28/84	200
78.	IFA Fund **[See Item #86 on Attachment 1 to Exhibit II]**	11/28/84	500
79.	John Minnett	5/9/84	100
80.	Ben Harc **[See Item #113 on Attachment 1 to Exhibit II]**	5/9/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
81.	W. E. Carlton	5/17/84	$ 100
82.	Arthur Thornton	5/22/84	100
83.	Ruth Smith	5/22/84	500
84.	Edith McDowell	5/24/84	200
85.	Haile Daniel	6/11/84	75
86.	Fritz Glitsch	6/26/84	100
87.	Ella Atwell	6/27/84	100
88.	William Dyson	7/2/84	100
89.	Becky Odom	8/10/84	100
90.	Brad Locker	8/10/84	100
91.	Jeremiah McCarthy	9/18/84	150
92.	Edwin Foscue	10/4/84	100
93.	Rexford Holton	10/4/84	100
94.	Joe Stewart	10/17/84	100
95.	E. Bloomquist	10/18/84	100
96.	Sara Hallack	10/29/84	200
97.	Raymond McFarlane	10/30/84	100

>30409446 18

Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry (continued)

	Name	Deposit Date	Amount
98.	L. E. Patterson	10/30/84	$ 100
99.	Don Krueger	10/30/84	1,000
100.	W. L. Parker	11/6/84	75
	Total (C. Reagan-Bush Campaign Indicated as Intended Recipient by Memo Entry) 100 Items		$85,300

D. Gramm Campaign Indicated as Intended Recipient by Memo Entry

	Name	Deposit Date	Amount
1.	Ben Foster	1/28/83	$ 100
2.	George Kadane [See Item #88 on Attachment 1 to Exhibit II]	2/1/83	100
3.	Edward Kadane [See Item #89 on Attachment 1 to Exhibit II]	2/1/83	250
4.	E. Forbes Gordon	2/1/83	500
5.	James West	2/3/83	250
6.	Tommy Littlepage	2/7/83	100
7.	Ellison Miles	2/18/83	100
8.	Ellen Garwood [May be same as Item #33 on Attachment 1 to Exhibit III]	6/28/83	500
9.	Jeff Nickelson	7/8/83	100
	Total (D. Gramm Campaign Indicated as Recipient by Memo Entry) 9 Items		$2,000

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions

E. William Clements Indicated as Payee

	Name	Deposit Date	Amount
1.	Tom Beasley	8/7/84	$ 100
2.	Robert Beaman	8/7/84	1,000
3.	David Cleveland [See Item #139 on Attachment 3 to Exhibit X]	8/7/84	500
4.	Joe Prizzitola	8/10/84	1,000
5.	Charles Brinkley	8/10/84	100
6.	W. H. McGarr	8/10/84	100
7.	Jack Beardon	8/14/84	100
	Total (E. Clements Indicated as Payee) 7 Items		$2,900

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GEORGE BUSH

REPLY FROM: Mr. & Mrs. Leroy W. Michaeli
1505 Cowan
Pecos, Texas 79772

Member #000071944 1R5A

Dear Vice President Bush,

YES! I want to help keep President Reagan in office by aiding the Texas Republican Party's campaign effort.

I agree with you about the importance of the Party's work on behalf of the President and his programs.

I've enclosed my special gift of:

[ ]$25 [ ]$50 [ ]$75

[ ]$100 [ ]other $_____

[ ] I prefer to charge my donation to my Visa or MasterCard.

[ ]Visa [ ]MasterCard

Card #_____

Expiration Date_____

Signature_____

Note: Please let us know your phone number.

_____
(area code)

Please make checks payable to: Republican Party of Texas. Your stamp on the enclosed reply envelope will save the Party valuable campaign funds.

Prepared and paid for by State Executive Committee, Republican Party of Texas
1300 Guadalupe, Suite 205 Austin, Texas 78701

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From: Mr. & Mrs. John C. Davis
3236 Golfing Green Pl
Dallas, Texas 75234 Member#000012939

ATTACHMENT 2 to Exhibit X

1984 Sustaining Membership Renewal 2R1A

[ ] YES, GEORGE, I agree Texas is the key to the '84 election. We must win Texas! To help, here is my Sustaining Membership Renewal of: [ ] $40 [✓] $25 [ ] Other: $_____

[ ] Charge my gift to my bankcard (fill in information below).

[ ] BECAUSE I FEEL STRONGLY about carrying Texas for the President and the Republicans, I pledge $52 in '84 in monthly gifts of $4.33.

[ ] I authorize you to charge these monthly installments to my bankcard for each month in 1984.

[ ] I prefer to fulfill my pledge through a monthly bank draft. Please send me the necessary authorization forms.

FOR BANKCARD USERS ONLY

[ ] MasterCard [ ] Visa

Expiration Date_____

Card Number_____

Signature_____

Occupation RETIRED

Principal Place of Business_____

Make out your check or money order to "Texas Reagan Team-RPT" so your gift goes directly to efforts supporting President Reagan, Vice President Bush, and other Republican candidates for Federal office.

Fold this form and return to Texas GOP HQ in the enclosed envelope.

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11/1/84 depart

REAGAN
T · E · A · M

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PERSONAL REPLY TO GOVERNOR CLEMENTS

FROM: Mrs. L.V. Mc Claskey
1103 East Cedar
Angleton, Texas 77515 2C2D

25

[X] President Reagan and Vice President Bush have my support. I understand Ronald Reagan can't win Texas without a strong campaign.

To help re-elect President Reagan, here is my Sustaining Membership gift to the "Texas Reagan Team" of:

[ ] $100 [ ] $75 [ ] $50 [X] $25

[ ] $20 [ ] $15 [ ] Other $_____

[ ] I prefer to make my contribution using my bank card.

[ ] Visa [ ] MasterCard

Card #_____ Exp. Date_____

_____
Signature Print your name as it appears on the card

My telephone number is:_____

[ ] I am unable to donate now, but will make a gift of $_____ to the Texas GOP's effort for President Reagan in _____.

Your donation will be used only in Texas. No funds will be spent out-of-state. Please make your check payable to the "Texas Reagan Team" and return it in the enclosed postage-paid envelope. If your name or address as printed above is incorrect, please let us know. Thanks.

Federal law requires we ask for your:

Occupation: Retired

Principal place of Employment:_____

Paid for by the "Texas Reagan Team" of the Republican Party of Texas
P.O. Box 855 Austin, Texas 78767

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I Don't Want It To Be Like 1982!

I don't want Mondale/Ferraro to beat Reagan/Bush in Texas! To show I'm not taking this election for granted, here is my "Texas Reagan Team" donation to the Republican Party of Texas of:

[ ] $150 [ ] $_____

[X] $100

Texas Reagan
Team Member: Mr. Kenneth Irwin
P. O. Box 550
Gruver, Texas 79040

Texas Reagan
Team Member# 000068056(2S7A) 100.00

[ ] I prefer to make my contribution using my bank card.

[ ] Visa [ ] MasterCard

Card #_____ Exp. Date____

_____
Signature
Print your name as it appears on the card

My telephone number is:_____

[ ] I am unable to donate now, but will make a gift of $_____ to the Texas GOP's effort for President Reagan in _____.

Your donation will be used only in Texas. No funds will be spent out-of-state. Please make your check payable to the "Texas Reagan Team" and return it in the enclosed postage-paid envelope. If your name or address as printed above is incorrect, please let us know. Thanks.

Federal law requires we ask for your:

Occupation: Banker

Principal place of Employment: GRUVER STATE BANK, Gruver, Texas

Paid for by the State Executive Committee of The Republican Party of Texas - The "Texas Reagan Team"

23040944624

11/7/84

Texas Republican Congressional Committee

Sen. John G. Tower Rep. Steve Bartlett Rep. Phil Gramm Rep. Ron Paul
Rep. Bill Archer Rep. Jack Fields Rep. Tom Loeffler

1984 MEMBERSHIP RENEWAL

20

FOR: Mr. Stanley Phillips
3101 Washington
Amarillo, Texas 79109 000168005/2E1R

YES, CONGRESSMAN ARCHER, I'll help elect more Republicans from Texas to the U.S. House and Senate by renewing my support of the Texas Republican Congressional Committee.

[ ] Because it's an election year, I'll increase my support to $35.

[X] I'll match my 1983 support of $20.

---

* Your contribution will only be used in Texas races.

* Rep. Phil Gramm's U.S. Senate Campaign and Republican candidates in target House races are the Committee's top priorities.

* Federal law requires we ask for your:

Occupation: Const. Inspector

Principal place of Employment: City of Amarillo, Texas

230403446625

1300 Guadalupe • Austin, Texas 78701

Paid for by the Texas Republican Congressional Committee.
John Nolen, Treasurer.

MAY 03 1964

Mr. & Mrs. Glenn Brown
3013 Century
Odessa, Texas 79762

366-7303

0000177230 2B2D

23004092446426

Charge my Sustaining Membership gift to my
☐ Visa ☐ MasterCard

Card #

Signature Exp. date

Your name as it appears on the card

Federal law requires we ask:
husband Baylor University - Midwestern
Your employer
teacher
Your occupation

cert. sch

...ed to accept my responsibility and make my personal commitment to the future of America and ...ican Party of Texas by becoming a Key Republican.

I will join the Committee of 100 as a Diamond Key Member at $5000.

I will join the Committee of 100 as a Gold Key at $2500.

I will join as a Key Republican at $1000. Check 3734

20942

I cannot join the Key Program at this time. However, I do want to help with the battle to save America. Enclosed is my maximum contribution in the amount of $ _____

I wish to pledge my Key contribution with monthly gifts of $84 a month in 1984.
___Visa _____ MasterCard ___ ___Monthly Bank draft

W. D. HAWKINS

410 POST OAK TOWER

HOUSTON State TX Zip 77056

RETIRED Principal Place of Employment

Exp. Date

W. D. Hawkins

MAKE CHECKS PAYABLE TO THE TEXAS REAGAN TEAM, P.O. BOX 868, AUSTIN, TX 78767
Paid for by The Texas Reagan Team and Texas Republican Campaign Committee

Key

23004094446627

Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
1.	Mrs. Hurd	John Hurd	9/10/84	$ 2,000
2.	Norman Newton	Mary Welborn	9/10/84	100
3.	Herman VanSickle	Nancy Pierson	9/10/84	100
4.	Louis Michael	Mrs. Louis Michael	9/10/84	1,000
5.	N. Brannon Riddle	Billie Nelms	9/10/84	100
6.	Patrick Oxford	Mary Myers	9/13/84	500
7.	Mrs. Richard Hemingway	Richard Hemingway	9/13/84	500
8.	A. J. Layden	Jean Brookshear	9/13/84	500
9.	Fayez Sarafim	Raye G. White	9/13/84	500
10.	Mary Cravens	Ethel Parker	9/13/84	250
11.	Mrs. J. O. Winston [May be same as Item #64 on Attachment 1 to Exhibit 3]	J. O. Winston	9/13/84	10,000
12.	Belton or Patricia Johnson [See Item #8 on Attachment 1 to Exhibit II]	Illegible	9/17/84	2,000
13.	Bradley Development	Dianna Patterson	9/17/84	5,000
14.	Herb's Supply	Louise Flusche	9/21/84	100
15.	John L. Wortham & Son	R. H. Waffatt, Corruth, Illegible	9/21/84	500

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
16.	Larry O. Hulsey & Co.	Tim Goff	9/21/84	$ 100
17.	W. S. Kilroy	Douglas Chilex	9/21/84	1,000
	[See Item 15 on Attachment 1 to Exhibit II]			
18.	Gerald D. Hines	Wm. Fieldmay	9/21/84	500
	[See Item 16 on Attachment 1 to Exhibit II]			
19.	Andrews & Kurth	C. L. Morse	9/21/84	5,000
	[Same as Item #20 below]			
20.	Andrews & Kurth	C. L. Morse	9/21/84	5,000
	[Same as Item #19 above]			
21.	David Knapp	Dolores Dooley	9/21/84	500
22.	Brewer & Co.	Martha Robbins	9/27/84	500
23.	Keplinger Companies	Martha S. Gail	9/27/84	500
	[See Item #18 on Attachment 1 to Exhibit II]			
24.	S. F. Vale	Idelia G. Laurel	10/2/84	100
25.	Easley Enterprises Developers	Clara Berkman	10/4/84	100
	[See Item #32 on Attachment 1 to Exhibit II]			
26.	Estate of H. G. Nelms	Frank Nelms	10/4/84	1,000
27.	L. F. Peterson	James Peterson	10/4/84	2,000
28.	Vincent Kickerillo	Mary Walker	10/15/84	5,000
	[May be same as Item #39 on Attachment 1 to Exhibit III]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
29.	Mary Kickerillo	Mary Walker	10/15/84	$ 5,000
30.	D. V. Flores	illegible	10/15/84	1,000
31.	Kathleen Carter	illegible	10/15/84	184
32.	George Standley	illegible	10/15/84	100
33.	Franklin, Sylvestor & Co. [See Item #47 om Attachment 1 to Exhibit II]	Rutledge L. Tripett	10/15/84	2,000
34.	Allen Trobaugh	Georgia Trobaugh	10/19/84	1,000
35.	Rolke Enterprises [See Item #64 om Attachment 1 to Exhibit II] [May be same as Item #52 on Attachment 1 to Exhibit III]	Katherine Olsen	10/19/84	10,000
36.	Fred Allison	illegible	10/29/84	500
37.	Pat Chapman	illegible	11/16/84	1,000
38.	L. E. Ostrom	Catherine Jolley	2/9/83	100
39.	W. R. Hoge W.	Charles Rye	7/11/83	100
40.	Dorothy Gordon Heyser [See as Item #54 below]	Townsend	7/15/83	100
41.	C. Doormb Heirs [Same as Items #148, #152, amd #187 below]	William Doormbs	7/15/83	75
42.	Earl M. Craig [Same as Items #66, amd #140 below]	Judith Davenport	8/23/83	1,000
43.	Jane Ferguson	J. M. Meatly	12/5/83	100
44.	R. P. Webb	Evelyn Davis	1/24/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
45.	J. M. M. Trustee	A. H. Bateman	1/24/84	$ 200
46.	M. H. Marr	illegible	1/24/84	250
	[See Item #94 on Attachment 1 to Exhibit II]			
47.	Craig F. Cullinan	A. M. Clelland	1/24/84	100
48.	M. A. McBee	none	1/25/84	150
	[See Items #23 and #95 on Attachment 1 to Exhibit II]			
49.	Pattie Lundell	Sheryl Lundell	1/25/84	84
50.	Malcolm Hinkle	Doris Eisehism	1/25/84	200
	[See Item #96 on Attachment 1 to Exhibit II]			
51.	Alfred King	Beth Hartzell	1/25/84	125
52.	Fred Aurin	Dorothy Rhea	1/30/84	350
53.	Richard Anderson	Norene Nix	1/30/84	100
54.	Dorothy Gordon Heyser	M. Townsend Helty	1/30/84	100
	[Same as Item #40 above]			
55.	P. W. Pitzer	Jean Hart	2/3/84	150
	[See Item #97 on Attachment 1 to Exhibit II]			
56.	Clive Runnells	Elmon Tyler	2/6/84	500
	[May be same as Item #53 on Attachment 1 to Exhibit III]			
57.	Jerry Gallagher	Judy Gallagher	2/6/84	250
58.	William Osborne, III	Robert Thomas	2/6/84	75
	[See Item #76 below]			
59.	James Newman	Mary Beck	2/6/84	500

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
60.	J. B. Saunders	Esther Gutknecht	2/6/84	$ 100
61.	Jack Allen	Robert Cungh	2/6/84	500
62.	John Stehlin	Robert Andera	2/7/84	100
63.	John Shelton	W. Q. Currier	2/7/84	100
64.	James Storm	E. Elwein	2/21/84	150
65.	H. L. Long Trust	Paul Bault	2/21/84	100
66.	Earl Craig	Judith Davenport	2/21/84	1,000
	[Same as Item #42 above and Item #140 below]			
67.	R. B. Mitchell	Dorothy Campbell	2/22/84	75
	[Same as Item #71 below]			
68.	William Aycock	Carolyn Herndon Jaye Medders	3/27/84	1,000
	[See Item #98 on Attachment 1 to Exhibit II]			
69.	W. B. Harkins	W. M. Williams	3/27/84	1,000
70.	Mark Andrews	Barbara Foy	4/12/84	100
71.	R. B. Mitchell	Dorothy Campbell	4/12/84	1,000
	[Same as Item #67 above]			
72.	Herbert B. Story	Martha Cooke	4/16/84	200
73.	P. D. Walters	Elizabeth Paterson	4/20/84	100
74.	West Investment	Wesley Gilliland	4/20/84	100
75.	Phillip Dunsford	Cathy Guenile	4/23/84	100
	[See Item #102 om Attachment 1 to Exhibit II]			
76.	W. B. Osborn	Robert Thomas	4/23/84	2,500
	[See Item #58 above]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
77.	Warren & Co.	James Herren	4/25/84	$ 100
78.	Kemco Plant Maint.	Kathryn Taylor	4/25/84	100
	[See Item #105 om Attachment 1 to Exhibit II]			
79.	J. Gordon McGill	Linda Davis	4/25/84	250
	[See Item #106 om Attachment 1 to Exhibit II]			
80.	D. J. Sibley	Alison Fusisburg	4/25/84	75
81.	G. W. Ellis Investment	Richard Mavery	4/27/84	100
82.	Charles R. Jackson	Katherine Shaky	5/1/84	100
83.	Annabel Pruyn	Novis Harbold	5/1/84	100
84.	Keeton Land	Tommy Keeton	5/4/84	100
85.	Elizabeth Urschel	illegible	5/4/84	100
	[Same as Item #161 below]			
86.	U.S.P.O. Money Order	Bennett Davis	5/9/84	500
87.	CCT & Co.	J. H. Crebbs	5/9/84	100
	[See Item #110 on Attachment 1 to Exhibit II]			
88.	Frank W. Michaux	Mary Vass	5/9/84	100
	[See Item #111 om Attachment 1 toExhibit II]			
89.	Jerry Green, Inc.	Karen Gee	5/11/84	100
	[See Item #114 on attachment 1 to Exhibit II]			
90.	Jedco & Son	James Douglas	5/11/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
91.	Ben Howell	Charles Howell	5/16/84	$ 150
92.	Dan Krauese	Thomas Wright	5/17/84	200
93.	Fritz Duda	Mary Duda	5/22/84	100
	[See Item #115 om Attachment 1 to Exhibit II]			
94.	Beckham Enterprises	Jim Beckham	5/23/84	200
95.	Shepherd Lumber	George Shepherd	5/31/84	100
96.	M. A. McLaughlin	Bunch Baskins	5/31/84	100
97.	Mrs. Shelby Kritzer	Billie Long	5/31/84	500
98.	Wilson Ranch	Walker Wilson	5/31/84	75
99.	Thomas Investments	Tommy Rigg	6/4/84	100
100.	Kruger & Co.	Andrea King	6/4/84	150
	[See Item #120 om Attachment 1 to Exhibit II]			
101.	Hawn Operating	George Hawn	6/4/84	100
	[See Item #121 om Attachment 1 to Exhibit II]			
102.	Mrs. W. R. Taber	Patricia Brink	6/5/84	100
103.	Nan Wafford	Shaw Wafford	6/5/84	100
104.	Claude P. Ekas	Mrs. H. E. Patterson	6/11/84	50
105.	Herbert Insurance	Milton Herbert	6/11/84	100
106.	W. B. B.	William B. Blade	6/11/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
107.	J. C. Brownell Sand & Gravel	Dolores Meaney	6/14/84	$ 250
108.	Jimmy Gibson Landscape	Norma Pate	6/19/84	100
	[See Items #124 and #169 on Attachment 1 to Exhibit II]			
109.	Roger E. Canter Oil	Jon Canter	6/19/84	100
110.	H. J. Porter	Joe Costa	6/26/84	100
111.	Roland Jackson	Lena Lend	6/26/84	100
112.	Horton Oil	Jana Hodges	6/26/84	200
	[See Item #127 om Attachment 1 to Exhibit II]			
113.	Bill Batco	Eva Todd	6/26/84	100
114.	H & N Landscaping	Steve Jax	6/27/84	100
115.	Theo N. Law	Joe Marsh	7/2/84	5,000
116.	Bateman Investments	G. B. Bateman	7/2/84	1,000
117.	Alan Hulsey	E. Haldyard Pully	7/2/84	1,000
118.	Paul Brown Trucking	Stephen Bramel	7/6/84	100
119.	Douglas Radiation	M. E. Douglas	7/6/84	100
120.	Cold Storage Construction	Brenda Podiaza	7/13/84	100
	[See Item #130 on Attachment 1 to Exhibit II]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
121.	Jennings Chevrolet	B. R. Slogin	7/13/84	$ 100
122.	Robert Jorrie Real Estate	Susan Jorrie	7/13/84	100
	[See Item #133 om Attachment 1 to Exhibit II]			
123.	Benjamin Harvard	Susan Harvard	7/17/84	150
124.	none	Mrs. E. Hiler	7/19/84	100
125.	Chinworth Claim Co. A.	Chinworth	7/31/84	100
126.	Bakerloo Properties	Kermit Baker	7/31/84	100
127.	McDonnold Cos.	Kay Fleetwood	7/31/84	1,000
128.	Northwood Repub. Women Women	Patricia Horn	7/31/84	1,000
129.	E-Systems PAC	Betty Housewright	7/31/84	200
130.	Mr.& Mrs. Sam Maddux	Karin Wright	7/31/84	1,000
	[Same as Items #131 and 132 below]			
131.	Mr.& Mrs. Sam Maddux	Karen Wright	8/3/84	1,000
	[Same as Item #132 b elow and Item #130 above]			
132.	Mr.& Mrs. Sam Maddux	Karen Wright	8/3/84	1,000
	[Same as Items #130 and #131 above]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
133.	Estate of J. Douglas Brauner	Helen Rud	8/3/84	$ 100
134.	LTV Aerospace and Defense Fund [See Item #143 below]	H. F. Johnson	8/3/84	100
135.	Rucker & Rucker Law Offices [See Item #136 on Attachment 1 to Exhibit II]	William Rucker	8/6/84	100
136.	Jim Crews Campaign	Mark McClure	8/7/84	100
137.	Bowman Community	Al Lange	8/7/84	100
138.	none	Fletcher Warren	8/7/84	1,000
139.	Charles Jacobs [See Item #3, Section E, Attachment 1 to Exhibit X]	David Cleveland	8/7/84	500
140.	Dorothy Craig [Same as Items #42 and #66 above]	Judith Davenport	8/7/84	1,000
141.	Hinkson's Angus Farm [See Item #140 on Attachment 1 to Exhibit II]	Frank Hinkson	8/10/84	100
142.	Crouch Well Service	Howard Crouch	8/10/84	100
143.	LTV Aerospace & Defense Fund [See Item #134 above]	Lou Kankos	8/10/84	75
144.	Joseph Muller	Patty Muller	8/14/84	150

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
145.	T. B. Walker	Linda Catka	8/14/84	$ 100
146.	G. K. McDonald	Evelyn Beaty	8/14/84	100
147.	Allen's Business Account	Norman Allen	8/22/84	100
148.	C. Doormbs Heirs [Same as Item #41 above and Item #152 and and #187 below]	William Doormbs	8/22/84	75
149.	Dave Freeman	Janis Freeman	8/22/84	100
150.	Rud's Landscape Supply	Robin Rud	8/22/84	100
151.	Finnis F. Plumbley	Louise Crafton	8/22/84	200
152.	C. Doormbs Heirs [Same as Items #41 and #148 above and #187 below]	William Doormbs	8/22/84	75
153.	Earl West	Donna West	8/22/84	100
154.	Palazzo Properties [See Item #150 om Attachment 1 to Exhibit II]	Tony Palazzo	8/22/84	200
155.	Ray Berry Campaign	Patricia Berry	8/22/84	100
156.	Oil City Publication	John Batter	8/22/84	100
157.	Gullo-Haas Toyota [See Item #151 om Attachment 1 to Exhibit X]	illegible	8/28/84	500

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
158.	Creative Interiors	illegible	8/28/84	$ 100
159.	Jackson Scrap Metals	Karen Jackson	8/28/84	100
160.	New World Management	Spencer Laggard	8/28/84	100
	[See Item #152 on Attachment 1 to ExhibitX]			
161.	Elizabeth Ursche	Dale Wynn [illegible]	8/28/84	100
	[Same as Item #85 above]			
162.	David Coers	Gloria Cousins	8/28/84	100
163.	Donald P. Ford	Mary Boone	9/5/84	100
164.	Ta Lo Farms	Babette Odom	9/5/84	100
165.	Shadywood Properties	John Mets	9/10/84	100
	[See Item #154 on Attachment 1 to Exhibit X]			
166.	Haecker's Mobile Homes	Mrs. G. C. Haecker	9/18/84	100
167.	James Benavideo	illegible	9/18/84	100
168.	Sean Byrne	illegible	9/18/84	250
	[See Item #156 om Attachment 1 to Exhibit X]			
169.	Austin Construction	J. R. Caneca	9/18/84	$ 100
	[See Item #157 om Attachment 1 to Exhibit X]			
170.	Michael Stinson	Hazel Cleveland	9/18/84	100
171.	Hydro Equipment Sales	James Bruce	9/18/84	75
	[See Item #158 on Attachment 1 to Exhibit X]			
	[Amisted Lodge]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
172.	Myers Enterprises	W. L. Myers	9/18/84	$ 50
	[See Item #159 on Attachment 1 to Exhibit X]			
173.	Salverio-Giammalva Properties	S. V. Giammalva	9/18/84	100
	[See Item #160 on Attachment 1 to Exhibit X]			
174.	Bess Fish	Mary Vernon	9/19/84	100
175.	Fiveash Plumbing	Mrs. E. A. Fiveash	9/21/84	100
176.	Mrs. J. Hub Hill	illegible	9/21/84	100
177.	Raymond Betz Interests	Judith Betz	9/25/84	250
	[See Items #125 and #163 on Attachment 1 to Exhibit X]			
178.	The Sierra Company	John S. Grasland	10/2/84	100
179.	Don Stone Farms	Fay Lundgren	10/4/84	100
	[See Item #167 on Attachment 1 to Exhibit II]			
180.	Oil Field Service	Howard Crouch	10/17/84	150
181.	**Mid-Town** Campers	Joyce Milton	10/18/84	100
	[See Item #170 on Attachment 1 to Exhibit II]			
182.	Estate of C. W. Chancellor Sr.	C. W. Chancellor Jr	10/18/84	100
	[Lazy 'D' Ranch]			

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
183.	Leonard Insurance Agemcy	N. S. Leonard	10/19/84	$ 100
	[See Item #172 on Attachment 1 to Exhibit II]			
184.	Estate of O. W. Funderburgh	Odessa McKay	10/19/84	100
185.	Durham & Durham Lawyers	illegible	10/19/84	100
	[See Item #174 on Attachment 3 to Exhibit II]			
186.	The Canyon Company	W. Frank Damerow	10/29/84	100
187.	C. Doormbs Heirs	William Doormbs	10/29/84	125
	[Same as Items #41, #148, and #152]			
188.	Farnsworth Properties	illeg. Farnsworth	10/30/84	100
189.	H. R. Stasney Investments	Mark Werman	10/30/84	100
190.	Glen's Sporting Goods	J. Carsson	11/5/84	100
191.	James E. Byrnes & Associates	Theresa Eagen	11/5/84	100
	[See Item #179 on Attachment 1 to Exhibit X]			
192.	Perry Price Painting	Mrs. Perry Price	11/5/84	100
193.	First National Bank, Tulsa	Michael Shane	11/6/84	100

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Texas Republican Congressional Committee
Apparent Unreported Earmarked Contributions
Signatory Other Than Account Holder

	Account Holder	Signatory	Deposit Date	Amount
194.	Rountree Cadillac [See Item #182 on Attachment 1 to Exhibit X]	illegible	11/6/84	$ 100
195.	H. V. Porter	Patsy Ratcliffe	11/6/84	100
196.	National Money Order	illegible	11/15/84	100
197.	AAA Air Conditioning [See Item #187 on Attachment 1 to Exhibit II]	Betty Beck	11/15/84	58
198.	Hallon, Marion, & Richards, Attorneys	Theresa Dyer	11/19/84	100
199.	W. L. or Gayle Hunt	Laura Holcombe	11/28/84	100
200.	E. E. Treadway Operating	Donna Wardell	12/4/84	100
	Total 200 Items			$106,351

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

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FEDERAL ELECTION COMMISSION
SECRETARIAT
88 MAY 18 AM 10:58

FIRST GENERAL COUNSEL'S REPORT

MUR 2598
STAFF MEMBERS:
George F. Rishel
Sandra H. Robinson

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

RESPONDENTS: Texas Republican Congressional Committee and Henry Santamaria, as treasurer

RELEVANT STATUTES:
2 U.S.C. § 431(8)(A) and (B)
2 U.S.C. § 431(9)(A) and (B)
2 U.S.C. § 432(c) and (d)
2 U.S.C. § 434(b)
2 U.S.C. § 441a(a)(1)(C)
2 U.S.C. § 441a(a)(2)(A)
2 U.S.C. § 441a(a)(8)
2 U.S.C. § 441a(d)
2 U.S.C. § 441a(f)
2 U.S.C. § 441b(a)
11 C.F.R. § 102.5(a)
11 C.F.R. § 102.8
11 C.F.R. § 102.17

INTERNAL REPORTS CHECKED: Audit Referral

FEDERAL AGENCIES CHECKED: None

On April 5, 1988, the Commission referred certain matters to the Office of the General Counsel arising from the audit of the above-captioned Respondents. At the same time, the Commission directed the Audit Division to prepare cross-references for the exhibits for three of the ten items referred. The Audit Division forwarded seven of the ten referred items to this Office on April 6, 1988, and forwarded the remaining three items on April 29, 1988.

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This Office is currently reviewing the referral documents and has consulted with personnel of the Audit Division and personnel in this Office who worked on the comments to the final audit report. Once this review is completed, this Office will prepare and forward to the Commission a General Counsel's Report with appropriate recommendations.

Lawrence M. Noble
General Counsel

5/17/88
Date

BY: _____
Lois G. Lerner
Associate General Counsel

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RECEIVED
FEDERAL ELECTION COMMISSION
88 AUG 23 AM 9:22

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Henry Santamaria, as treasurer	)	
	)	MUR 2598
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	
	)	
Friends of Dick Armey and Rick Woolfolk, as treasurer	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. GENERATION OF MATTER

Pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"), the Commission conducted an examination and audit of the Texas Republican Congressional Committee ("the Committee"). The audit covered the period beginning January 1, 1983, and ending December 31, 1984. The audit began in July 1985, and the interim audit report was issued on November 24, 1986. The Committee submitted its response to the interim report on March 9, 1987. The Commission reviewed the final audit report and on April 5, 1988, referred certain matters to the Office of the General Counsel. The Audit Division forwarded seven of the ten referred matters to this Office on April 6, 1988. Attachment I. At the Commission's direction, the Audit Division prepared cross-references for the other three referred matters and forwarded them to this Office on April 29, 1988. Attachment II.

The audit examined the Committee's two principal accounts: the main operating account and the Victory '84 account. During the audit period the Committee had total receipts of $4,719,686.21 and total disbursements of $4,711,032.36, of which

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approximately $3.2 million in disbursements were made from the Victory '84 account. The Victory '84 account was apparently established for the purpose of funding volunteer activity in connection with President Reagan's re-election campaign and the campaigns of other federal candidates of the Republican Party. As further explained in this report, several findings of the examination and audit are related to the Committee's failure to keep adequate records covering approximately $1.5 million in receipts and to provide sufficient documentation for $2.6 million in disbursements. All of these disbursements were made from the Victory '84 account.

In preparing this report, staff of this Office has reviewed the interim audit report, the Committee's response to the interim audit report, the final audit report, and this Office's comments on the final audit report. Staff has also consulted with personnel of the Audit Division and personnel of this Office. Staff will make a more detailed examination of the Audit Division's work papers and the exhibits submitted by the Committee as part of the proposed investigation into this matter.

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II. FACTUAL AND LEGAL ANALYSIS

Because of the complexity and volume of the material, the following is an outline of the Factual and Legal Analysis:

A. Recordkeeping and Reporting Findings

1. Contribution Records
2. Itemization of Contributions
3. Joint Fundraiser
4. Earmarked Contributions

5. Unreported Activity in Support of Federal Candidates

a. 1982 Federal Candidates

b. 1983 Special Election Federal Candidate

B. Receipt of Impermissible Contributions

1. Prohibited Contributions

2. Excessive Contributions

C. Federal Activity from Nonfederal Account

D. Expenditures on behalf of Federal Candidates

1. Voter Registration & GOTV

2. Presidential Appearance

3. 1984 Senatorial Candidate

4. Unidentified activity

E. Contributions to Federal Candidates

F. Summary

The full factual and legal analysis follows.

A. Recordkeeping and Reporting Findings

1. Contribution Records

Sections 432(c)(1), (2), and (3) of the Act provide that the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committee; the name and address of any person who makes any contribution in excess of $50, together with the date and amount of such contribution by any person; and the identification of any person who makes a contribution or contributions aggregating more than $200 during a calendar year, together with the date and amount of such contribution. Section 431(13) of the Act defines "identification" to include, for an individual, the name, mailing

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address, occupation, and name of employer of such individual; for any other person, the full name and address of such person. Section 432(d) of the Act provides that the treasurer shall preserve all records required to be kept by Section 432 and copies of all reports required to be filed by the subchapter for three years after the report is filed. Commission regulations further explain that such records shall be made available for audit, examination, and inspection by the Commission or its authorized representatives during the three-year period. 11 C.F.R. § 104.14(b)(3).

During the examination and audit, the Commission requested that the Committee provide complete contribution records for all of the contributions it received during the period covered by the audit. In response to the interim audit report, the Committee provided certain records. The Committee, however, failed to provide records relating to approximately $1,500,000 in contributions received during the relevant period.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 432(c) and 432(d).

2. Itemization of Contributions

Section 434(b)(3)(A) of the Act requires the disclosure of the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of any such

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contribution. Section 434(b)(3)(B) of the Act requires the disclosure of the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution. Section 431(13) of the Act defines the term "identification."

The audit found numerous contributions that required itemization but had not been itemized in the Committee's disclosure reports. It was also noted that contributions deposited into the Victory '84 account had not been aggregated with those deposited into the Committee's main operating account, thus indicating that further contributions may have required itemization. In conjunction with its response to the interim audit report, the Committee filed amendments to the eight disclosure reports filed with the Commission that covered the period of the audit.[1] In the amendments the Committee aggregated contributions deposited into the two accounts and itemized contributions for which the Committee had supporting records and documentation. The amendments, however, were filed on March 9, 1987, although the contributions in question were received in 1983 and 1984. Furthermore, the Committee was unable to perform such aggregation and itemization for the $1.5 million of its $4.7 million in contributions for which it did not have, or did not produce, records or documentation.

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1. The amended reports include the 1983 Mid-Year and Year-End Reports; the 1984 April, July, and October Quarterly Reports; the 1984 Pre-General and Post-General Reports; and the 1984 Year-End Report.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. § 434(b).

3. Joint Fundraiser

Commission regulations at 11 C.F.R. § 102.17 set out certain procedures for joint fundraising activity involving both registered political committees and unregistered political organizations. In particular, these regulations require a written joint fundraising agreement, the keeping of contribution records by the joint fundraising representative, and the filing of Schedules A that clearly indicate that the contributions reported represent joint fundraising proceeds. In addition, each participating political committee shall report its share of net proceeds as a transfer-in from the fundraising representative and file Schedules A itemizing its share of gross receipts as contributions from the original contributors to the extent required by 11 C.F.R. § 104.3(a). 11 C.F.R. § 102.17(c). These regulations were in effect during the relevant portion of the audit period.

The audit identified a joint fundraising event involving the Committee and an unregistered political organization known as the Harris County Victory Fund. The event was entitled "Victory '84 James Baker Reception and Luncheon" and was held on August 14, 1984. The only information provided by the Committee about this event was an internal memorandum that listed expenses, total income, and each participant's share of the net income. Attachment I(9)-(11). The Committee did not identify the

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fundraising representative or provide copies of a written fundraising agreement, contribution records, or Schedules A that itemized the contributions.

Accordingly, this Office recommends that the Commission find reason to believe the committee and its treasurer violated 11 C.F.R. § 102.17(c).

4. Earmarked Contributions

Section 441a(a)(8) of the Act provides that all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate for purposes of the limitations imposed by Section 441a. Furthermore, this section provides that the intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient. Commission regulations at 11 C.F.R. § 110.6 define "earmarked" to mean a designation, instruction, or encumbrance (direct or indirect, express or implied, oral or written) which results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's committee; and further explain the reporting requirements for such contributions. Commission regulations also provide that earmarked contributions in excess of $50 shall be passed on to the intended recipient within 10 days of their receipt by the conduit or intermediary. 11 C.F.R. § 102.8.

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In response to the interim audit report, the Committee provided check copies for approximately 55 percent of the contributions deposited into the Committee's two principal accounts. Among such checks deposited into these accounts, the audit identified the following:

(1) 23 contributions totaling $22,100 that were made payable to Reagan-Bush;

(2) 3 contributions totaling $1,050 that were made payable to Phil Gramm (a 1984 Republican senatorial candidate);

(3) 100 contributions totaling $85,300 with reference to Reagan-Bush on the memo line; and

(4) 9 contributions totaling $2,000 with reference to Phil Gramm on the memo line.[2]

Attachment II(28)-(38). According to the audit, the Committee's records did not show these contributions as being treated or reported as earmarked contributions, or as having been transferred to the designated candidates or their committees.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated

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2. The audit found 7 contributions totaling $2,900 on which William Clements, a nonfederal candidate, was indicated as payee. Attachment II(38). In addition, the audit found 200 contributions totaling $106,351 that were apparently signed by someone other than the account holder. Commission regulations in effect at the time these contributions were received provided that absent evidence to the contrary, any contribution made by check shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee. 11 C.F.R. § 104.8(c)(1984). Because the record is not clear on how these contributions were reported and whether they were reported in accordance with 11 C.F.R. § 104.8(c), this Office has included questions relating to this issue in the proposed interrogatories and request for documents to the Committee. It is noted that several of the names on this list are found on the list of apparent corporate contributors and on the list of apparent excessive contributors, both of them compiled by the Audit Division. Attachment II(46)-(60).

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2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 102.8.

5. Unreported Activity in Support of Federal Candidates

Section 434(b)(3)(B) of the Act provides that a political committee shall disclose the name and address of each political committee which makes a contribution to the reporting committee during the reporting period. Section 434(b)(5)(A) provides that a political committee shall disclose the name and address of each person to whom an expenditure is made in an aggregate amount of value in excess of $200 within the calendar year and is made to meet a candidate or committee operating expense together with the date, amount, and purpose of such expenditure.

Sections 434(b)(4)(H)(i) and 434(b)(6)(B)(i) provide that a political committee other than an authorized committee shall report and itemize the name and address of each political committee which has received a contribution from the reporting committee during the reporting period, together with the date and amount of any such contribution. Sections 434(b)(4)(H)(iv) and 434(b)(6)(B)(iv) provide that such a committee shall report and itemize the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under Section 441a(d), together with the date, amount, and purpose of any such expenditure as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

Section 431(8)(A) defines "contribution" under the Act, and Section 431(9)(A) defines "expenditure." In addition, the Act provides for certain exemptions to these definitions. Payments

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by a state or local party committee for the costs of campaign materials used by such committee in connection with volunteer activities on behalf of party nominees are not contributions or expenditures, provided certain criteria are met. The relevant criteria include:

a) the payments must not be for campaign materials or activities used in connection with direct mail or similar types of general public communication or political advertising;

b) such payments must be made from contributions subject to the provisions of the Act; and

c) such payments must not be made from contributions designated for a particular candidate.

2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii). The regulations define "direct mail" to include any mailing by a commercial vendor or made from commercial lists. 11 C.F.R. §§ 100.7(b)(15)(i) and 100.8(b)(16)(i).

In addition, campaign materials purchased with funds from the national committee of a political party, or campaign materials purchased by the national party committee and delivered to the state or local party committee are not qualified for the exemptions. Instead, expenditures for such materials are subject to the limitations of Section 441a(d). 11 C.F.R. §§ 100.7(b)(15)(vii) and 100.8(b)(16)(vii).

The regulations also require that campaign materials paid for by state parties be distributed by volunteers and not by commercial or for-profit organizations, in order to qualify for the volunteer exemption. 11 C.F.R. §§ 100.7(b)(15)(iv) and 100.8(b)(16)(iv). Expenditures for volunteer exempt activity should be reported as disbursements and need not be allocated to

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specific candidates. 11 C.F.R. §§ 100.7(b)(15)(v) and 100.8(b)(16)(v).

In the House Report for the 1979 amendments to the Act, which discussed the volunteer exemptions described in Section 431, it is stated that the purpose of the section is "to encourage volunteers to work for and with local and State political party organizations." A test to determine whether an activity qualifies for the volunteer exemption was presented. The test requires an examination of how the campaign materials are used and by whom. The Report stated that the provision "excludes all public communications or political advertising," and further specified that the mere purchase of campaign materials described in Section 431 does not mean their costs are exempt. Essentially, those same materials must be distributed by volunteers, such as "door-to-door" or "at a shopping center." H.R. Rep. No. 422, 96th Cong., 1st Sess. at 9 (1979), reprinted in FEC Legislative History of Federal Election Campaign Act Amendments of 1979 at 193 (GPO 1983). The Commission has recognized that materials distributed through the mail may still qualify for the exemption, provided that the mailing does not constitute "direct mail" as defined by the regulations and the participation of volunteers in the mail activity is significant and substantial.

a. 1982 Federal Candidates

The audit determined that the Committee failed to properly itemize three expenditures, totaling $5,630.77 on behalf of two different federal candidates in 1983, failed to itemize two

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receipts totaling $5,630.77 from the same two candidates in 1983, and failed to itemize an expenditure of $3,630.77 on behalf of one of these candidates in 1984. Attachment I(35)-(36). It also appeared that the Committee had under-reported total receipts and expenditures in 1983 by $5,630.77 and under-reported total expenditures in 1984 by $3630.77. These transactions appear to be based on an arrangement the Committee had with the respective candidates' committees to share the cost for an alleged volunteer project. The Committee was billed for the costs connected with the project and, in turn, billed each committee. Attachment I(38).

The two candidates involved with the above transactions were Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr., both candidates for the U.S. House of Representatives from the State of Texas in the 1982 elections. The coordinated party expenditure limitation for the Texas 1982 general election was $18,440. The National Republican Congressional Committee ("NRCC") expended $35,164 on behalf of Mr. Wentworth, and $35,439 on behalf of Mr. Wyatt for the 1982 general election. Neither the Republican National Committee ("RNC") nor the Committee reported coordinated party expenditures on behalf of either candidate for this election. The total expenditures reported by the NRCC suggests that the RNC and the Committee assigned their respective coordinated party expenditure limitations to the NRCC. The Committee did, however, contribute $5,000 to the Wentworth campaign committee on July 1, 1982, for the primary election and it contributed another $5,000 to the Wentworth committee on that

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same date designated for the general election. On July 1, 1982, the Committee also contributed $5,000 to the Wyatt campaign committee designated for the general election.

In response to the interim audit report, the Committee filed comprehensive amendments itemizing these receipts and disbursements. These amendments, however, were filed more than two years after the occurrence of the transactions in question. Furthermore, the Committee reported the expenditures as operating expenditures, although it did not dispute that they were made on behalf of specific federal candidates. Instead, the Committee asserted that these expenditures qualified as exemptions to the definition of contribution or expenditure, made in connection with volunteer activities. The Committee, however, has not provided any information regarding its volunteer activities for these 1982 federal candidates or the basis for treating these expenditures as exempt.

The Committee failed to report and itemize the receipts and expenditures discussed above in a timely manner. Since the Committee has not substantiated its claim that the expenditures are exempt, it apparently should have reported them as either contributions to the federal candidates or as coordinated party expenditures on behalf of such candidates. In addition, the Committee has apparently made expenditures in excess of the limitations of Section 441a on behalf of these candidates.

b. <u>1983 Special Election Federal Candidate</u>

During early 1983, the Committee made six expenditures totaling $14,912.12 on behalf of Phil Gramm, a candidate for the

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U.S. House of Representatives in a special election held on February 12, 1983. Attachment I(37). The Committee reported these disbursements as operating expenditures, which consisted primarily of payments for mailing lists, stationery, printing, and postage for mailing. In response to the interim audit report, the Committee asserted that these expenditures qualified as an exemption to the definition of contribution or expenditure because they were made as part of a volunteer effort, including mass mailings, on behalf of the candidate. The Committee, however, provided no details regarding the volunteer effort and the basis for treating these expenditures as exempt.

The coordinated party expenditure limitation for the 1983 special election in the State of Texas was $19,570. The Committee did not report any contributions or coordinated party expenditures on behalf of Phil Gramm for the special election. The NRCC disclosed a total of $90 in direct contributions to the Gramm campaign committee and a total of $508 in coordinated party expenditures on behalf of Mr. Gramm for the special election. The RNC disclosed a total of $3,656 in direct contributions to the Gramm committee and a total of $2,045 in coordinated party expenditures on his behalf for the special election. There is no evidence available to this Office to determine whether the Committee assigned its coordinated party expenditure limitation to the NRCC.

Since the Committee has not substantiated its claim that the above expenditures are exempt, it apparently should have reported them as either contributions to the candidate or as coordinated

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party expenditures on behalf of the candidate. If the Committee did not assign its coordinated party expenditure limitation to the NRCC and the expenditures do not qualify for the volunteer exemption, the Committee may still be able to avoid a violation by designating these as coordinated expenditures in accordance with 2 U.S.C. § 441a(d)(3)(B). If such limitation was assigned to the NRCC and not regained by the Committee, however, then it may have made such expenditures in excess of the limitations of Section 441a on behalf of Phil Gramm.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 434(b) and 441a(f) with respect to all of the above 1982 and 1983 candidates. We have included questions relating to the application of the volunteer exemption for these expenditures and whether the Committee assigned its coordinated party expenditure limitation with respect to the above candidates in the proposed interrogatories and requests for documents to the Committee.

B. Receipt of Impermissible Contributions

Commission regulations provide that for a political committee that has established separate federal and nonfederal accounts, only funds subject to the prohibitions and limitations of the Act shall be deposited into the separate federal accounts. 11 C.F.R. § 102.5(a)(1)(i). At the time that the contributions discussed below were received, the regulations required political committees to either return the contribution(s) to the contributor or to deposit it in a campaign depository within 10

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days of receipt. If deposited, the treasurer should have made and retained a written record noting the basis for the appearance of illegality and the deposit should have been properly reported. A statement noting that the legality of the contribution was in question should have been included in the report. The treasurer should have made his or her best efforts to determine the legality of the contribution. 11 C.F.R. § 103.3(b)(1)(1984).

1. Prohibited Contributions

Section 441b(a) of the Act makes it unlawful for any corporation to make a contribution to a political committee in connection with any federal election, or for any political committee to knowingly accept any contribution prohibited by this section.

In response to the interim audit report, the Committee provided check copies for contributions received greater than $50. These checks constituted only 55 percent of the amount of the Committee's receipts during the audit period. After verification with the office of the Texas Secretary of State, the audit determined that these checks included 189 contributions from apparent corporations, which totaled $194,508. Attachment II(2)-(21).

Because the Committee did not attempt to resolve the apparent illegality of these contributions within a reasonable time or to note their illegality in any written record or reports, the Committee knowingly accepted these apparent prohibited contributions.

Accordingly, this Office recommends that the Commission find

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reason to believe the Committee and its treasurer violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a). As noted, the checks forming the basis for this finding were provided in response to the interim audit report. Thus, the Committee has not had an opportunity to review and address the list of apparent prohibited contributions. It is further noted that the list of apparent prohibited contributions were cross-referenced by the Audit Division, at the Commission's request, with the lists of apparent excessive contributions and apparent unreported earmarked contributions, including those signed by someone other than the account holder. Therefore, we make no recommendation at this time with respect to the contributors.

We further note that several of the businesses listed appear to be medical or legal professional associations. The State of Texas has enacted a "Professional Association Act," which allows licensed professionals to form such an association. See Tex. Rev. Civ. Stat. Ann. Art. 1528f (Vernon). Article 1528f, section 25, incorporates by reference the Texas Business Corporation Act and states, in part, that "professional associations shall enjoy the powers and privileges and be subject to the duties, restrictions and liabilities of business corporations except insofar as the same may be limited or enlarged by this Act."

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Id., § 25.[3] It is noted, however, that although Texas' campaign finance law prohibits corporations from making campaign contributions, the State Attorney General issued an opinion in 1980 that allowed professional associations organized pursuant to Article 1528f to make such contributions. A copy of this opinion is attached. Attachment VI. This Office believes that we should first receive the Committee's response to the proposed interrogatories before trying to resolve the question of the status of the professional associations at issue in this matter for the purposes of the Act.

2. Excessive Contributions

Section 441a(a)(1)(C) of the Act provides that no person shall make contributions to any political committee in any calendar year which, in the aggregate, exceed $5,000. Section 441a(f) provides that no committee shall knowingly accept contributions in excess of the limitations of Section 441a.

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3. Traditionally, the learned professions (e.g., physicians, surgeons and lawyers) have been prohibited from forming corporations. This tradition has been based on the premise that the practice of these professions is personal and confidential, and a corporation cannot be endowed with the required qualifications. In order to allow these professionals the benefits of the corporate form, many jurisdictions have enacted statutes allowing their formation as a corporation or association. In Texas, the requirements unique to an association are that the word "association" or some abbreviated form of it must be in the name of the organization, only licensed members of the profession may join, and shares shall be transferred only to persons licensed to perform the same type of service. Otherwise, the general formation and benefits of a professional association parallel those of a corporation, such that articles of association must be filed, a Board of Directors or Executive Committee must govern, management officers are elected, articles of dissolution must be executed, and an annual statement must be filed. In addition, the professional association and not the individual members are jointly and severally liable for professional errors, negligence, etc. See Art. 1528f § 24.

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Section 110.1(i)(1)(1984) of the regulations provide that the limitations on contributions shall apply to each spouse separately, even if only one spouse has income.[4] Section 110.1(e)(1984) of the regulations provide that a partnership may make a contribution to a political committee subject to the limitations of the Act. In the case of an unauthorized committee such limitation is $5,000 in the aggregate in any calendar year. The contribution shall be attributed to each partner in proportion to each partners profits or by agreement. 11 C.F.R. § 110.1(e)(1984).

The audit identified the Committee's receipt of $624,100 in contributions from 66 individuals that resulted in the receipt of excessive contributions totaling $294,100. The audit also noted that $33,425 of the excessive contributions had been transferred to the Committee's nonfederal account. Attachment II(22)-(27).

Following receipt of the interim audit report the Committee sought verification from the 66 individuals to determine whether their contributions should have been allocated between spouses. The Committee stated that it had verified 55 of the 66 contributions. Attachment II(23). However, only 48 of such contributions appear to have been completely resolved by such verification. Most of the verifications substantiated that the contribution in each instance should have been allocated between

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4. The 1984 regulations specifically address the limit of $1,000 an individual may contribute to a candidate per election. These regulations would also appear to apply when contributions are made to political committees. The language in the current revised regulations addresses the limitations on contributions in general.

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spouses in accordance with 11 C.F.R. § 110.1(i). However, one contribution was determined to have been made by a partnership and was, therefore, allocable between the partners. In addition, seven of the contributions, as represented in the Committee's records, were not excessive.[5] Attachment III. The Committee provided a copy of a letter from one contributor to verify that his $10,000 contribution was not for federal election activity, but for ballot security activity. The Committee had not deposited this contribution in its federal accounts.

In the information provided subsequent to the interim audit report, the Committee stated that transfers had already been made to the nonfederal account. The Committee stated that additional amounts would be transferred to the nonfederal account as funds became available.[6] At the time of the referral to this Office, it was not known whether such additional transfers had occurred.

The spousal allocations in this matter were determined to be appropriate approximately three years after the contributions were received. None of these apparent excessive contributions were resolved in a timely manner or in accordance with 11 C.F.R. § 103.3(b)(1). Therefore, the Committee knowingly accepted these

5. It should be noted that, in compiling the list on excessive contributions the audit staff had only a computer printout to review. Although it was known that the printout was not verified, the Committee agreed to its use due to a lack of more credible records at that time. In addition to other discrepancies noted further in this report, the subsequent information provided by the Committee did not include the name of one of the contributors identified in the audit, there is no explanation for this omission.
6. Included in the funds to be transferred was the total of $10,000 in contributions from one individual. There was no explanation of why this entire amount was to be transferred.

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contributions.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 102.5(a).

As noted above, several of the apparent excessive contributions were not resolved by receipt of the signed spousal allocation forms, and in some instances such an allocation was not available to the contributor. The contributions that require further consideration include the following:

Contributor	Amount	Excessive Portion/Status
Baker, Johnny	$10,500	$5,500/Spousal allocation, $500 excessive
Baker, J.D.	5,500	$500 excessive
Dannenbaum, Jim	10,000	$5,000 excessive
Emde, William	10,500	$5,500/Spousal allocation, $500 excessive
Fuller, W. M.	10,000	$5,000/Spouse deceased (apparently prior to date contribution made), $5,000 excessive
Hamon, Jake L.	10,000	$5,000 excessive
Hewitt, Robert J.	5,500	$500 excessive
Leggett, Marvin	10,000	$5,000 excessive
Mischer, Walter M.	10,500	$5,500/Spousal allocation, $500 excessive
Moncrief, W.A.	10,000	$5,000 excessive/Spouse deceased

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		(apparently prior to date contribution made), $5,000 excessive
Pitcock, James D., Jr.	10,000	$5,000 excessive
Russo, Joe E.	7,000	$2,000 excessive
Schoellkopf, Hugo, III	10,100[7]	$5,100/Spousal allocation, $100 excessive
Sharp, Dudley	12,100[8]	$7,100/Spousal allocation, $2,100 excessive
Shivers, Allan	10,100[9]	$5,100/Spousal allocation, $100 excessive
Youngblood, V. Lee	7,000	$2,000 excessive

Taking into account the reallocations made during the audit process, it is noted that none of the excessive contributions made by the above individuals exceed the contribution limitation by more than twice. Therefore, this Office makes no recommendations with respect to these individuals.

While reviewing its receipt records to address the apparent excessive contributions discussed above, the Committee discovered four instances not identified by the audit where funds had to be transferred to its nonfederal account. These instances involved funds received from four individuals. The total amount to be

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7. The amount of this contribution as presented by the audit review does not coincide with the total amount presented by the Committee. It appears from information provided by the Committee that each spouse contributed $5,000 and that $100 was in excess of the limitation. The Committee's representation has been used here.
8. Here again, information subsequently provided by the Committee does not coincide with that available on the computer printout. The Committee's information is used here.
9. See footnote 8, above.

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transferred was $10,100. Attachment III(3). However, the Committee did not explain why such transfers were required. The proposed interrogatories inquire about the circumstances of such transfers.

C. Federal Activity from Nonfederal Account

Commission regulations provide that when an organization finances activity in connection with both federal and nonfederal elections and decides to establish separate federal and nonfederal accounts, the federal account(s) shall be registered with the Commission as a political committee. All disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from the federal account. 11 C.F.R. § 102.5(a)(1)(i).

The audit identified a $5,000 contribution made on October 16, 1984, from the Committee's nonfederal account to the Gerald R. Ford New Leadership Committee, a federal multicandidate political committee registered with the Commission. A refund was obtained from the Ford Committee on March 7, 1987. The Committee had re-contributed $5,000 to the Ford Committee on February 24, 1987, from its federal account. Thus, this contribution was not originally made from the proper account, and corrective action was not taken within a reasonable time.

The audit also identified three additional disbursements from the Committee's nonfederal account that appear to have been made, at least in part, in connection with federal elections: (1) a $150,000 payment on September 10, 1984, to the RNC, which the Committee asserted was its "proportionate share of a general

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media buy made by the RNC for general advertisements encouraging Americans to support the Republican Party;" (2) payments of approximately $80,000 of expenses incurred by the "Victory Fund Budget" for salaries, an election-night victory party, and ballot security expenses; and (3) payments of $317.88 to the RNC for travel and related costs to attend a finance workshop. The audit found that the Committee had not demonstrated that these disbursements were solely for nonfederal activity. Instead, the audit concluded that these disbursements should have been, at least partially, allocated between the Committee's federal and nonfederal accounts in accordance with 11 C.F.R. §§ 102.5(a) and 106.1.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 11 C.F.R. § 102.5(a).

D. Expenditures on Behalf of Federal Candidates

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make contributions to any candidate and his authorized committees with respect to any election for federal office which, in the aggregate, exceed $5,000. Section 441a(d) permits the national committee of a political party to make limited coordinated expenditures in connection with the general election campaign of its presidential candidate and permits both the national and state committees of a political party to make limited coordinated expenditures in connection with the general election campaigns of their senatorial and congressional candidates.

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Section 441a(f) provides that political committees shall not knowingly make expenditures on behalf of a candidate in violation of the limitations of Section 441a. Furthermore, Section 9003(b)(2) of Title 26 provides that no general election presidential candidate who is eligible to receive payments under the Presidential Election Campaign Fund Act shall accept contributions to defray qualified campaign expenses except to the extent necessary to make up any deficiency in fund payments. 11 C.F.R. § 9003.2(a)(2).

Sections 434(b)(4)(H)(i) and (iv) and 434(b)(6)(B)(i) and (iv) require a political committee other than an authorized committee to report and itemize contributions to other political committees and expenditures made pursuant to Section 441a(d). Sections 431(8)(A) and 431(9)(A) define "contribution" and "expenditure."

1. Voter Registration and GOTV

The Act exempts from the definition of contribution and expenditure the payments by a state or local committee of a political party for the costs of voter registration and get-out-the-vote ("GOTV") activities conducted by such committees on behalf of its nominees for President and Vice President. 2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix). However, certain criteria must be met for such payments to qualify for the exemption. These criteria are:

(a) the payments are not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising. For these purposes, "direct mail" means any mailings by a commercial vendor or any

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mailing made from commercial lists;

(b) the portion of the costs of such activities allocable to federal candidates is paid from contributions subject to the limitations and prohibitions of the Act.

(c) the payments are not made from contributions designated to be spent on behalf of a particular candidate or candidates for federal office. For these purposes, a contribution is not considered designated if the party committee disbursing the funds makes the final decision regarding which candidates shall receive the benefit of such disbursement.

(d) the payments are not made from funds donated by a national committee of a political party to a state or local party committee for voter registration and GOTV activities. 11 C.F.R. §§ 100.7(b)(17) and 100.8(b)(18). Payments that qualify for this exemption are reported as disbursements and need not be allocated to specific candidates except as provided in the regulations.

In addition, the regulations provide that the payment by the state party of the costs incurred in the use of phone banks in connection with voter registration and GOTV activities is not a contribution or expenditure when such phone banks are operated by volunteer workers. The regulations also permit the use of paid professionals to design the phone bank system, develop instructions, and train supervisors. 11 C.F.R. §§ 100.7(b)(17)(v) and 100.8(b)(18)(v).

The regulations further explain that if such voter registration and GOTV activities include references to any congressional or senatorial candidates, the costs of such activities shall be a contribution to, or expenditure on behalf of, such candidates unless the mention of such candidates is merely incidental to the overall activity. 11 C.F.R. §§ 100.7(b)(17)(iv); 100.8(b)(18)(iv); and 106.1(c)(3).

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The audit identified 38 expenditures totaling $403,915.40 paid to Karl Rove and Company for postage, printing, envelopes, artwork, response cards, shipping and other production costs for direct mail pieces and 13 expenditures totaling $6,720.82 paid to employees of Reagan-Bush '84 for consulting fees related to the Committee's ballot security program. The direct mail pieces were prepared for mailing and then shipped to the Committee's phone centers for their actual mailing. The ballot security personnel evidently recruited volunteer poll watchers, monitored absentee voting, and assisted in determining priority precincts and additional ballot security services.

The audit noted, however, that the Committee used a commercial vendor in connection with the direct mail pieces. The audit also identified four receipts from the RNC totaling $119,500 that were deposited into the Victory '84 account and used to make these expenditures. It further noted that Committee records were inadequate to verify five additional receipts from the RNC totaling $28,000. The audit noted that the information provided by the Committee showed the use of volunteers in the phone banks and other stages of the Committee's activities that may meet that part of the criteria for an exemption. The question remains whether the payments to consultants for the ballot security program come within the exemption for voter registration and GOTV activities in a manner similar to that for paid supervisors of the phone banks, which are specifically covered by the Commission's regulations. The present record is incomplete regarding whether the voter registration and GOTV

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activities qualify for the exemption. Receipts from the RNC indicate that at least a portion of the costs will not meet the criteria.

2. Presidential Appearance

The audit also identified five expenditures totaling $98,806.19 made in connection with an appearance by President Reagan, then a candidate for re-election, at a dinner in Houston on October 2, 1984. The purpose of this event was evidently to raise funds for the Committee's volunteer activities on behalf of President Reagan and other Republican candidates in 1984. These expenditures included payments to the U.S. Treasurer for communications[10], as well as payments for catering, decorations, and other expenses. The audit determined that the solicitation materials for this event included payments to a commercial mailing firm, which suggested that these expenses did not qualify for an exemption to the definition of contribution and expenditure. Additional information is needed to resolve this issue.

3. 1984 Senatorial Candidate

The Act and regulations exempt from the definition of contribution and expenditure payments by a state or local committee of a political party of the costs of campaign

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10. According to documentation received during the audit, the Committee reimbursed White House Communications support for costs connected with President Reagan's participation at the dinner. The amount reimbursed was $8,955.39, including $1,246.78 for a teleprompter. The check was forwarded to the White House military office. Other than the mention of the teleprompter, information about other types of support provided is not available to this Office.

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materials, such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs, used by such committee in connection with volunteer activities on behalf of its nominees. 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii); 11 C.F.R. §§ 100.7(b)(15) and 100.8(b)(16). In order to qualify for this exemption, however, such payments must meet certain criteria. The criteria for this exemption are discussed above, in section II.A.5, pages 9-11, of this report.

The audit identified three expenditures totaling $36,535.45 made on behalf of Phil Gramm, the Republican candidate for the U.S. Senate in Texas in 1984. These costs were made to a commercial vendor for printing and to an individual for a voting list. Although the Committee has taken the position that these expenditures qualify for the exemption for campaign materials used in connection with volunteer activities, it has not adequately demonstrated how these expenditures meet the criteria for this exemption.

4. Unidentified Activity

With respect to the majority of the remaining $2.6 million in expenditures by the Victory '84 account, the audit concluded that the vendor-generated documentation or other information prepared by the Committee was either not present, or inadequate to permit a determination whether these expenditures were made on behalf of federal candidates and, if so, whether they would qualify for any of the exemptions to the definition of contribution and expenditure. According to the audit, additional information provided by the Committee in response to the interim

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audit report did not adequately resolve these questions.

With respect to all of the foregoing expenditures on behalf of the presidential and senatorial candidates discussed in Section D of this report, as well as other federal candidates, this Office concludes that further investigation is warranted to determine if the Committee has properly characterized and reported these expenditures, or made contributions or expenditures in excess of the limitations. This Office notes that the RNC reported spending within $511.50 of the Section 441a(d) limitation on behalf of its 1984 presidential candidate. Furthermore, a state committee of a political party does not have separate expenditure authority under Section 441a(d) with respect to its presidential candidate, although it may make such expenditures as the agent of the national committee. There is no evidence that the Committee made any of the above expenditures as the agent of the RNC. Also, the audit noted that the Committee reported making direct contributions totaling $10,000 to its 1984 Senate candidate and that the National Republican Senatorial Committee reported making total coordinated party expenditures of $889,149.00 on behalf of the 1984 senatorial candidate, a figure that is slightly less than the combined limitations for the national and state party committees of $895,506.40.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 434(b) and 441a(f). We have also included questions in the proposed interrogatories and request for documents to the Committee asking it to identify the Committee's Victory '84

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activities, the expenditures related to each activity, the exemption claimed for each activity, and the factual basis on which the activity qualifies for that exemption.

E. Contributions to Federal Candidates

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. Commission regulations in effect at that time explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election" and that an undesignated contribution made after a primary election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (referencing 110.1(a)(2)).

Section 441a(f) of the Act prohibits an officer or employee of a political committee from accepting a contribution made for the benefit or use of any candidate in violation of any limitation imposed on contributions.

The audit identified three contributions totaling $10,000 made to two candidates that appeared excessive. Attachment I(40)-(42). Beau Boulter and Richard K. Armey were both candidates for the U.S. House of Representatives in the 1984 election cycle. The Committee disclosed a $5,000 contribution to the Boulter campaign committee made on June 22, 1984, designated for the primary election and a $5,000 contribution to this same

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committee made on September 18, 1984, designated for the general election. The Boulter Committee designated both contributions for the general election. The Committee made two separate contributions of $2,500 each to the Armey campaign committee on June 22 and July 26, 1984, designated for the primary election. The Committee disclosed an additional $5,000 contribution to the Armey Committee made on November 11, 1984, designated for the general election. The Armey Committee, however, designated each contribution for the general election. These contributions were made after the May 5, 1984, Texas primary election and before the November 6, 1984, general election. The audit determined that there was insufficient documentation to show that these contributions were designated in writing for the primary election, although reported as such by the Committee, and to show that the recipient candidates had sufficient net debts outstanding at the time of these contributions.

Accordingly, this Office recommends that the Commission find reason to believe the Committee and its treasurer violated 2 U.S.C. § 441a(a)(2)(A). This Office also recommends that the Commission find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer; and Friends of Dick Armey and Rick

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Woolfolk, as treasurer,[11] violated 2 U.S.C. § 441a(f) by accepting excessive contributions.

F. Summary

Based on the foregoing, this Office recommends that the Commission find reason to believe the Texas Republican Congressional Committee and Henry Santamaria, as treasurer, violated 2 U.S.C. §§ 432(c) and (d) for failing to maintain adequate records of contributions received and for failing to preserve required records for three years; 2 U.S.C. § 434(b) for failing to file timely amendments to financial disclosure reports, failing to aggregate and/or itemize $1.5 million in receipts, and failing to accurately report contributions and expenditures made on behalf of federal candidates; 11 C.F.R. § 102.17(c) for failing to appoint a fundraising representative, failing to have a written agreement for joint fundraising activity, failing to maintain required records pertaining to such fundraising activity, and failing to file Schedules A itemizing such contributions; 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 102.8 for failing to properly process certain earmarked contributions;

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11. Each candidate's campaign committee has changed since the time the contributions were received. Following changes in the treasurer and the name of Beau Boulter's Congressional campagin committee, that Committee was redesignated by a letter dated March 23, 1988, as "Texans for Beau Boulter;" it is currently his Senate campaign committee. The original Congressional campagin committee for Richard K. Armey was terminated on May 15, 1987. A re-elect committee was subsequently formed. The current name of that re-elect committee was made by the filing of an amendment to the Statement of Organization on August 20, 1987. A letter attached to the termination report filed by the original Armey Committee stated that the new re-elect committee would absorb its debts and reporting obligations.

2 U.S.C. § 441a(f) for making excessive expenditures on behalf of federal candidates and for accepting excessive contributions; 2 U.S.C. § 441b(a) for accepting apparent corporate contributions; 11 C.F.R. § 102.5(a) for depositing impermissible funds in its federal account and for making disbursements from its nonfederal account in connection with federal elections; and finally, 2 U.S.C. § 441a(a)(2)(A) for making excessive contributions to federal candidates' authorized committees.

This Office also recommends that the Commission find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer; and Friends of Dick Armey and Rick Woolfolk, as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions.

The attached proposed interrogatories and request for documents seek to obtain information needed to resolve issues raised in this matter as they pertain to the Texas Republican Congressional Committee. It is noted, however, that the Committee may not be able to provide all of the requested information due to the lapse of time since the events at issue occurred. Therefore, each question includes a request for an explanation of why certain information is not available, in order that the record be clear about such omissions.

III. RECOMMENDATIONS

1. Find reason to believe the Texas Republican Congressional Committee and Henry Santamaria, as treasurer, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8, and 102.5(a).

2. Find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 441a(f).

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3. Find reason to believe Friends of Dick Armey and Rick Woolfolk, as treasurer, violated 2 U.S.C. § 441a(f).

4. Approve the attached letters, Factual and Legal Analyses, interrogatories and request for production of documents.

8/22/88
Date

LM Noble (AJ)
Lawrence M. Noble
General Counsel

Attachments
1. Audit Referral Materials (April 6, 1988)
2. Audit Referral Materials (April 29, 1988)
3. Letter re Possible Excessive Contributions
4. Letters and Factual and Legal Analyses (3)
5. Interrogatories and request for production of documents
6. Opinion of Texas Attorney General

Staff Person: Sandra H. Robinson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS
COMMISSION SECRETARY

DATE: AUGUST 25, 1988

SUBJECT: MUR 2598 General Counsel's Report
Signed August 22, 1988

The above-captioned document was circulated to the Commission on TUESDAY, AUGUST 23, 1988 at 4:00 PM.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

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

This matter will be placed on the meeting agenda for AUGUST 30, 1988.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Henry Santamaria, as treasurer	)	
	)	
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	MUR 2598
	)	
Friends of Dick Armey and Rick Woolfolk, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of August 30, 1988, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2598:

1. Find reason to believe the Texas Republican Congressional Committee and Henry Santamaria, as treasurer, violated 2 U.S.C. §§ 432(c) 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a) and 11 C.F.R. §§ 102.17(c), 102.8, and 102.5(a).

2. Find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 441a(f).

(continued)

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3. Find reason to believe Friends of Dick Armey and Rick Woolfolk, as treasurer, violated 2 U.S.C. 441a(f).

4. Approve the letters, Factual and Legal Analyses, interrogatories and request for production of documents as recommended in the General Counsel's report dated August 22, 1988.

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

Attest:

8/31/88
Date

Marjorie W. Emmons
Marjorie W. [illegible]
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 2, 1988

Rick Woolfolk, Treaurer
Friends of Dick Armey
P.O. Box 85
Lewisville, Texas 75067

RE: MUR 2598
Friends of Dick Armey
and Rick Woolfolk, as
treasurer

Dear Mr. Woolfolk:

On August 30, 1988, the Federal Election Commission found that there is reason to believe the Friends of Dick Armey ("Committee") and you, as treasurer, violated 2 U.S.C. § 441a(f), 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 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

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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 Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

cc: The Honorable Richard K. Armey
U.S. House of Representatives
514 Cannon HOB
Washington, D.C. 20515-4326

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Friends of Dick Armey and Rick Woolfolk, as treasurer[1]

MUR 2598

GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

FACTUAL AND LEGAL ANALYSIS

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election" and that an undesignated contribution made after a primary election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (referencing 110.1(a)(2)).

1. The candidate's campaign committee has changed since the time the contributions were received. The original Congressional campaign committee for Richard K. Armey was terminated on May 15, 1987. A re-elect committee was subsequently formed. The current name of that re-elect committee was made by the filing of an amendment to the Statement of Organization on August 20, 1987. A letter attached to the termination report filed by the original Armey committee stated that the new re-elect committee would absorb its debts and reporting obligations.

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Section 441a(f) of the Act prohibits an officer or employee of a political committee from accepting a contribution made for the benefit or use of any candidate in violation of any limitation imposed on contributions.

The Commission identified contributions made by the Texas Republican Congressional Committee ("TRCC") to Richard K. Armey's federal campaign committee that appeared excessive. Richard K. Armey was a candidate for the U.S. House of Representatives in the 1984 election cycle. TRCC made two separate contributions of $2,500 each to the Armey campaign committee on June 22 and July 26, 1984, designated for the primary election. The TRCC disclosed an additional $5,000 contribution to the Armey Committee made on November 6, 1984, designated for the general election. The Armey Committee, however, designated each contribution for the general election. These contributions were made after the May 5, 1984, Texas primary election and before the November 6, 1984, general election. There was insufficient documentation available to show that the two $2,500 contributions were designated in writing for the primary election, although reported as such by the TRCC, and to show that the recipient committee had sufficient net debts outstanding at the time of the contributions.

Therefore, there is reason to believe the Friends of Dick Armey and Rick Woolfolk, as treasurer violated 2 U.S.C. § 441a(f).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 2, 1988

Donald H. Wills, Treasurer
Texans for Beau Boulter
15110 Dallas Parkway
Dallas, Texas 75240

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills, as
treasurer

Dear Mr. Wills:

On August 30, 1988, the Federal Election Commission found that there is reason to believe Texans for Beau Boulter ("Committee") and you, as treasurer, violated 2 U.S.C. § 441a(f), 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 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

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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 Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

cc: The Honorable Beau Boulter
U.S. House of Representatives
124 Cannon HOB
Washington, D.C. 20515-4313

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Texans for Beau Boulter and
Donald H. Wills, as treasurer[1]

GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

FACTUAL AND LEGAL ANALYSIS

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election" and that an undesignated contribution made after a primary election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (referencing 110.1(a)(2)).

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1. The candidate's campaign committee has changed since the time the contributions were received. Following changes in the treasurer and the name of Beau Boulter's Congressional campaign committee, that committee was redesignated by a letter dated March 23, 1988, as "Texans for Beau Boulter;" it is currently his Senate campaign committee.

Section 441a(f) of the Act prohibits an officer or employee of a political committee from accepting a contribution made for the benefit or use of any candidate in violation of any limitation imposed on contributions.

The Commission identified contributions made by the Texas Republican Congressional Committee ("TRCC") to Beau Boulter's federal campaign committee that appeared excessive. Beau Boulter was a candidate for the U.S. House of Representatives in the 1984 election cycle. The TRCC disclosed a $5,000 contribution to the Boulter campaign committee made on June 22, 1984, designated for the primary election and a $5,000 contribution to this same committee made on September 18, 1984, designated for the general election. The Boulter Committee designated both contributions for the general election. These contributions were made after the May 5, 1984, Texas primary election and before the November 6, 1984, general election. There was insufficient documentation available to show that one of the contributions was designated in writing for the primary election, although reported as such by the TRCC, and to show that the recipient candidate's committee had sufficient net debts outstanding at the time of the contribution.

Therefore, there is reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer violated 2 U.S.C. § 441a(f).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 2, 1988

Henry Santamaria, Treasurer
Texas Republican Congressional Committee
P.O. Box 855
Austin, Texas 78767

RE: MUR 2598
Texas Republican Congressional Committee and Henry Santamaria, as treasurer

Dear Mr. Santamaria:

On August 30, 1988, the Federal Election Commission found that there is reason to believe the Texas Republican Congressional Committee ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and the Commission's regulations. 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 interrogatories and request for production of documents, 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.

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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 Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Interrogatories and Request for Production of Documents

2304094469 2

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Texas Republican Congressional Committee and Henry Santamaria, as treasurer

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GENERATION OF MATTER

Pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"), the Commission conducted an examination and audit of the Texas Republican Congressional Committee ("the Committee"). The audit covered the period beginning January 1, 1983, and ending December 31, 1984. The audit began in July 1985, and the interim audit report was issued on November 24, 1986. The Committee submitted its response to the interim report on March 9, 1987. The Commission reviewed the final audit report and on April 5, 1988, referred certain matters to the Office of the General Counsel.

The audit examined the Committee's two principal accounts: the main operating account and the Victory '84 account. During the audit period the Committee had total receipts of $4,719,686.21 and total disbursements of $4,711,032.36, of which approximately $3.2 million in disbursements were made from the Victory '84 account. The Victory '84 account was apparently established for the purpose of funding volunteer activity in connection with President Reagan's re-election campaign and the campaigns of other federal candidates of the Republican Party.

2304094469 3

FACTUAL AND LEGAL ANALYSIS

Because of the complexity and volume of the material, the following is an outline of the Factual and Legal Analysis:

A. Recordkeeping and Reporting Findings
   1. Contribution Records
   2. Itemization of Contributions
   3. Joint Fundraiser
   4. Earmarked Contributions
   5. Unreported Activity in Support of Federal Candidates
      a. 1982 Federal Candidates
      b. 1983 Special Election Federal Candidate

B. Receipt of Impermissible Contributions
   1. Prohibited Contributions
   2. Excessive Contributions

C. Federal Activity from Nonfederal Account

D. Expenditures on behalf of Federal Candidates
   1. Voter Registration & GOTV
   2. Presidential Appearance
   3. 1984 Senatorial Candidate
   4. Unidentified activity

E. Contributions to Federal Candidates

F. Summary

The full factual and legal analysis follows.

A. Recordkeeping and Reporting Findings

1. Contribution Records

Sections 432(c)(1), (2), and (3) of the Act provide that

2304094469 4

the treasurer of a political committee shall keep an account of all contributions received by or on behalf of such political committee; the name and address of any person who makes any contribution in excess of $50, together with the date and amount of such contribution by any person; and the identification of any person who makes a contribution or contributions aggregating more than $200 during a calendar year, together with the date and amount of such contribution. Section 431(13) of the Act defines "identification" to include, for an individual, the name, mailing address, occupation, and name of employer of such individual; for any other person, the full name and address of such person. Section 432(d) of the Act provides that the treasurer shall preserve all records required to be kept by Section 432 and copies of all reports required to be filed by the subchapter for three years after the report is filed. Commission regulations further explain that such records shall be made available for audit, examination, and inspection by the Commission or its authorized representatives during the three-year period. 11 C.F.R. § 104.14(b)(3).

During the examination and audit, the Commission requested that the Committee provide complete contribution records for all of the contributions it received during the period covered by the audit. In response to the interim audit report, the Committee provided certain records. The Committee, however, failed to provide records relating to approximately $1,500,000 in contributions received during the relevant period.

Therefore, there is reason to believe the Committee and its

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treasurer violated 2 U.S.C. §§ 432(c) and 432(d).

2. Itemization of Contributions

Section 434(b)(3)(A) of the Act requires the disclosure of the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of any such contribution. Section 434(b)(3)(B) of the Act requires the disclosure of the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution. Section 431(13) of the Act defines the term "identification."

The audit found numerous contributions that required itemization, but had not been itemized in the Committee's disclosure reports. It was also noted that contributions deposited into the Victory '84 account had not been aggregated with those deposited into the Committee's main operating account, thus indicating that further contributions may have required itemization. In conjunction with its response to the interim audit report, the Committee filed amendments to the eight disclosure reports filed with the Commission that covered the period of the audit.[1] In the amendments the Committee aggregated

1. The amended reports include the 1983 Mid-Year and Year-End Reports; the 1984 April, July, and October Quarterly Reports; the 1984 Pre-General and Post-General Reports; and the 1984 Year-End Report.

2304094469 6

contributions deposited into the two accounts and itemized contributions for which the Committee had supporting records and documentation. The amendments, however, were filed on March 9, 1987, although the contributions in question were received in 1983 and 1984. Furthermore, the Committee was unable to perform such aggregation and itemization for the $1.5 million of its $4.7 million in contributions for which it did not have, or did not produce, records or documentation.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. § 434(b).

3. Joint Fundraiser

Commission regulations at 11 C.F.R. § 102.17 set out certain procedures for joint fundraising activity involving both registered political committees and unregistered political organizations. In particular, these regulations require a written joint fundraising agreement, the keeping of contribution records by the joint fundraising representative, and the filing of Schedules A that clearly indicate that the contributions reported represent joint fundraising proceeds. In addition, each participating political committee shall report its share of net proceeds as a transfer-in from the fundraising representative and file Schedules A itemizing its share of gross receipts as contributions from the original contributors to the extent required by 11 C.F.R. § 104.3(a). 11 C.F.R. § 102.17(c). These regulations were in effect during the relevant portion of the audit period.

The audit identified a joint fundraising event involving the

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Committee and an unregistered political organization known as the Harris County Victory Fund. The event was entitled "Victory '84 James Baker Reception and Luncheon" and was held on August 14, 1984. The only information provided by the Committee about this event was an internal memorandum that listed expenses, total income, and each participant's share of the net income. The Committee did not identify the fundraising representative or provide copies of a written fundraising agreement, contribution records, or Schedules A that itemized the contributions.

Therefore, there is reason to believe the Committee and its treasurer violated 11 C.F.R. § 102.17(c).

4. Earmarked Contributions

Section 441a(a)(8) of the Act provides that all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate for purposes of the limitations imposed by Section 441a. Furthermore, this section provides that the intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient. Commission regulations at 11 C.F.R. § 110.6 define "earmarked" to mean a designation, instruction, or encumbrance (direct or indirect, express or implied, oral or written) which results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a

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candidate's committee; and further explain the reporting requirements for such contributions. Commission regulations also provide that earmarked contributions in excess of $50 shall be passed on to the intended recipient within 10 days of their receipt by the conduit or intermediary. 11 C.F.R. § 102.8.

In response to the interim audit report, the Committee provided check copies for approximately 55 percent of the contributions deposited into the Committee's two principal accounts. Among such checks deposited into these accounts, the audit identified the following:

> (1) 23 contributions totaling $22,100 that were made payable to Reagan-Bush;
>
> (2) 3 contributions totaling $1,050 that were made payable to Phil Gramm (a 1984 Republican senatorial candidate);
>
> (3) 100 contributions totaling $85,300 with reference to Reagan-Bush on the memo line; and
>
> (4) 9 contributions totaling $2,000 with reference to Phil Gramm on the memo line.[2]

According to the audit, the Committee's records did not show these contributions as being treated or reported as earmarked contributions, or as having been transferred to the designated

2. The audit found 7 contributions totaling $2,900 on which William Clements, a nonfederal candidate, was indicated as payee. In addition, the audit found 200 contributions totaling $106,351 that were apparently signed by someone other than the account holder. Commission regulations in effect at the time these contributions were received provided that absent evidence to the contrary, any contribution made by check shall be reported as a contribution by the last person signing the instrument prior to delivery to the candidate or committee. 11 C.F.R. § 104.8(c)(1984).

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candidates or their committees.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 102.8.

5. Unreported Activity in Support of Federal Candidates

Section 434(b)(3)(B) of the Act provides that a political committee shall disclose the name and address of each political committee which makes a contribution to the reporting committee during the reporting period. Section 434(b)(5)(A) provides that a political committee shall disclose the name and address of each person to whom an expenditure is made in an aggregate amount of value in excess of $200 within the calendar year and is made to meet a candidate or committee operating expense together with the date, amount, and purpose of such expenditure.

Sections 434(b)(4)(H)(i) and 434(b)(6)(B)(i) provide that a political committee other than an authorized committee shall report and itemize the name and address of each political committee which has received a contribution from the reporting committee during the reporting period, together with the date and amount of any such contribution. Sections 434(b)(4)(H)(iv) and 434(b)(6)(B)(iv) provide that such a committee shall report and itemize the name and address of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under Section 441a(d), together with the date, amount, and purpose of any such expenditure, as well as the name of, and office sought by, the candidate on whose behalf the expenditure is made.

Section 431(8)(A) defines "contribution" under the Act, and

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Section 431(9)(A) defines "expenditure." In addition, the Act provides for certain exemptions to these definitions. Payments by a state or local party committee for the costs of campaign materials used by such committee in connection with volunteer activities on behalf of party nominees are not contributions or expenditures, provided certain criteria are met. The relevant criteria include:

> a) the payments must not be for campaign materials or activities used in connection with direct mail or similar types of general public communication or political advertising;
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> b) such payments must be made from contributions subject to the provisions of the Act; and
>
> c) such payments must not be made from contributions designated for a particular candidate.

2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii). The regulations define "direct mail" to include any mailing by a commercial vendor or made from commercial lists. 11 C.F.R. §§ 100.7(b)(15)(i) and 100.8(b)(16)(i).

In addition, campaign materials purchased with funds from the national committee of a political party, or campaign materials purchased by the national party committee and delivered to the state or local party committee are not qualified for the exemptions. Instead, expenditures for such materials are subject to the limitations of Section 441a(d). 11 C.F.R. §§ 100.7(b)(15)(vii) and 100.8(b)(16)(vii).

The regulations also require that campaign materials paid for by state parties be distributed by volunteers and not by commercial or for-profit organizations, in order to qualify for the volunteer exemption. 11 C.F.R. §§ 100.7(b)(15)(iv) and

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100.8(b)(16)(iv). Expenditures for volunteer exempt activity should be reported as disbursements and need not be allocated to specific candidates. 11 C.F.R. §§ 100.7(b)(15)(v) and 100.8(b)(16)(v).

In the House Report for the 1979 amendments to the Act, which discussed the volunteer exemptions described in Section 431, it is stated that the purpose of the section is "to encourage volunteers to work for and with local and State political party organizations." A test to determine whether an activity qualifies for the volunteer exemption was presented. The test requires an examination of how the campaign materials are used and by whom. The Report stated that the provision "excludes all public communications or political advertising," and further specified that the mere purchase of campaign materials described in Section 431 does not mean their costs are exempt. Essentially, those same materials must be distributed by volunteers, such as "door-to-door" or "at a shopping center." H.R. Rep. No. 422, 96th Cong., 1st Sess. at 9 (1979), reprinted in FEC Legislative History of Federal Election Campaign Act Amendments of 1979 at 193 (GPO 1983). The Commission has recognized that materials distributed through the mail may still qualify for the exemption, provided that the mailing does not constitute "direct mail" as defined by the regulations, and the participation of volunteers in the mailing activity is significant and substantial.

a. 1982 Federal Candidates

The audit determined that the Committee failed to properly

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itemize three expenditures, totaling $5,630.77 on behalf of two different federal candidates in 1983, failed to itemize two receipts totaling $5,630.77 from the same two candidates in 1983, and failed to itemize an expenditure of $3,630.77 on behalf of one of these candidates in 1984. It also appeared that the Committee had under-reported total receipts and expenditures in 1983 by $5,630.77, and under-reported total expenditures in 1984 by $3630.77. These transactions appear to be based on an arrangement the Committee had with the respective candidates' committees to share the cost for an alleged volunteer project. The Committee was billed for the costs connected with the project and, in turn, billed each committee.

The two candidates involved with the above transactions were Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr., both candidates for the U.S. House of Representatives from the State of Texas in the 1982 elections. The coordinated party expenditure limitation for the Texas 1982 general election was $18,440. The National Republican Congressional Committee ("NRCC") expended $35,164 on behalf of Mr. Wentworth, and $35,439 on behalf of Mr. Wyatt for the 1982 general election. Neither the Republican National Committee ("RNC") nor the Committee reported coordinated party expenditures on behalf of either candidate for this election. The total of expenditures reported by the NRCC suggests that the RNC and the Committee assigned their respective coordinated party expenditure limitation to the NRCC. The Committee did, however, contribute $5,000 to the Wentworth campaign committee on July 1, 1982, for the primary

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election, and it contributed another $5,000 to the Wentworth committee on that same date designated for the general election. On July 1, 1982, the Committee also contributed $5,000 to the Wyatt campaign committee designated for the general election.

In response to the interim audit report, the Committee filed comprehensive amendments itemizing these receipts and disbursements. These amendments, however, were filed more than two years after the occurrence of the transactions in question. Furthermore, the Committee reported the expenditures as operating expenditures, although it did not dispute that they were made on behalf of specific federal candidates. Instead, the Committee asserted that these expenditures qualified as exemptions to the definition of contribution or expenditure, made in connection with volunteer activities. The Committee, however, has not provided any information regarding its volunteer activities for these 1982 federal candidates or the basis for treating these expenditures as exempt.

The Committee failed to report and itemize the receipts and expenditures discussed above in a timely manner. Since the Committee has not substantiated its claim that the expenditures are exempt, it apparently should have reported them as either contributions to the federal candidates or as coordinated party expenditures on behalf of such candidates. In addition, the Committee has apparently made expenditures in excess of the limitations of Section 441a on behalf of these candidates.

b. <u>1983 Special Election Federal Candidate</u>

During early 1983, the Committee made six expenditures

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totaling $14,912.12 on behalf of Phil Gramm, a candidate for the U.S. House of Representatives in a special election held on February 12, 1983. The Committee reported these disbursements as operating expenditures, which consisted primarily of payments for mailing lists, stationery, printing, and postage for mailing. In response to the interim audit report, the Committee asserted that these expenditures qualified as an exemption to the definition of contribution or expenditure because they were made as part of a volunteer effort, including mass mailings, on behalf of the candidate. The Committee, however, provided no details regarding the volunteer effort and the basis for treating these expenditures as exempt.

The coordinated party expenditure limitation for the 1983 special election in the State of Texas was $19,570. The Committee did not report any contributions or coordinated party expenditures on behalf of Phil Gramm for the special election. The NRCC disclosed a total of $90 in direct contributions to the Gramm campaign committee and a total of $508 in coordinated party expenditures on behalf of Mr. Gramm for the special election. The RNC disclosed a total of $3,656 in direct contributions to the Gramm committee and a total of $2,045 in coordinated party expenditures on his behalf for the special election. There is no evidence available to this Office to determine whether the Committee assigned its coordinated party expenditure limitation to the NRCC.

Since the Committee has not substantiated its claim that the above expenditures are exempt, it apparently should have reported

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them as either contributions to the federal candidate or as coordinated party expenditures on behalf of the candidate. If the Committee did not assign its coordinated party expenditure limitation to the NRCC and the expenditures do not qualify for the volunteer exemption, the Committee may avoid a violation by designating these as coordinated expenditures in accordance with 2 U.S.C. § 441a(d)(3)(B). If such limitation was assigned to the NRCC and not regained by the Committee, then it may have made such expenditures in excess of the limitations of Section 441a on behalf of Phil Gramm.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 434(b) and 441a(f) with respect to all of the above 1982 and 1983 candidates.

B. Receipt of Impermissible Contributions

Commission regulations provide that for a political committee that has established separate federal and nonfederal accounts, only funds subject to the prohibitions and limitations of the Act shall be deposited into the separate federal accounts. 11 C.F.R. § 102.5(a)(1)(i). At the time that the contributions discussed below were received, the regulations required political committees to either return the contribution(s) to the contributor or to deposit it in a campaign depository within 10 days of receipt. If deposited, the treasurer should have made and retained a written record noting the basis for the appearance of illegality and the deposit should have been properly reported. A statement noting that the legality of the contribution was in question should have been included in the report. The treasurer

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should have made his or her best efforts to determine the legality of the contribution. 11 C.F.R. § 103.3(b)(1)(1984).

1. Prohibited Contributions

Section 441b(a) of the Act makes it unlawful for any corporation to make a contribution to a political committee in connection with any federal election, or for any political committee to knowingly accept any contribution prohibited by this section.

In response to the interim audit report, the Committee provided check copies for contributions received greater than $50. These checks constituted only 55 percent of the amount of the Committee's receipts during the audit period. After verification with the office of the Texas Secretary of State, the audit determined that these checks included 189 contributions from apparent corporations, which totaled $194,508.

Because the Committee did not attempt to resolve the apparent illegality of these contributions within a reasonable time or to note their illegality in any written record or reports, the Committee knowingly accepted these apparent prohibited contributions.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(a).

It is further noted that several of the businesses listed appear to be medical or legal professional associations. The State of Texas has enacted a "Professional Association Act," which allows licensed professionals to form such an association. See Tex. Rev. Civ. Stat. Ann. Art. 1528f (Vernon). Article

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1528f, section 25, incorporates by reference the Texas Business Corporation Act and states, in part, that "professional associations shall enjoy the powers and privileges and be subject to the duties, restrictions and liabilities of business corporations except insofar as the same may be limited or enlarged by this Act." Id., § 25.[3] It is noted, however, that although Texas' campaign finance law prohibits corporations from making campaign contributions, the State Attorney General issued an opinion in 1980 that allowed professional associations organized pursuant to Article 1528f to make such contributions.

2. Excessive Contributions

Section 441a(a)(1)(C) of the Act provides that no person shall make contributions to any political committee in any calendar year which, in the aggregate, exceed $5,000. Section 441a(f) provides that no committee shall knowingly accept contributions in excess of the limitations of Section 441a.

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3. Traditionally, the learned professions (e.g., physicians, surgeons and lawyers) have been prohibited from forming corporations. This tradition has been based on the premise that the practice of these professions is personal and confidential, and a corporation cannot be endowed with the required qualifications. In order to allow these professionals the benefits of the corporate form, many jurisdictions have enacted statutes allowing their formation as a corporation or association. In Texas, the requirements unique to an association are that the word "association" or some abbreviated form of it must be in the name of the organization, only licensed members of the profession may join, and shares shall be transferred only to persons licensed to perform the same type of service. Otherwise, the general formation and benefits of a professional association parallel those of a corporation, such that articles of association must be filed, a Board of Directors or Executive Committee must govern, management officers are elected, articles of dissolution must be executed, and an annual statement must be filed. In addition, the professional association and not the individual members are jointly and severally liable for professional errors, negligence, etc. See Art. 1528f § 24.

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Section 110.1(i)(1)(1984) of the regulations provide that the limitations on contributions shall apply to each spouse separately even if only one spouse has income.[4] Section 110.1(e)(1984) of the regulations provide that a partnership may make a contribution to a political committee subject to the limitations of the Act. In the case of an unauthorized committee such limitation is $5,000 in the aggregate, in any calendar year. The contribution shall be attributed to each partner in proportion to each partners profits or by agreement. 11 C.F.R. § 110.1(e)(1984).

The audit identified the Committee's receipt of $624,100 in contributions from 66 individuals that resulted in the receipt of excessive contributions totaling $294,100. The audit also noted that $33,425 of the excessive contributions had been transferred to the Committee's nonfederal account.

Following receipt of the interim audit report the Committee sought verification from the 66 individuals to determine whether their contributions should have been allocated between spouses. The Committee stated that it had verified 55 of the 66 contributions. However, only 48 of such contributions appear to have been completely resolved by such verification. Most of the verifications substantiated that the contribution in each instance should have been allocated between spouses in accordance

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4. The 1984 regulations specifically address the limit of $1,000 an individual may contribute to a candidate per election. These regulations would also appear to apply when contributions are made to political committees. The language in the current revised regulations addresses the limitations on contributions in general.

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with 11 C.F.R. § 110.1(i). However, one contribution determined to have been made by a partnership and was, therefore, allocable between the partners. In addition, seven of the contributions, as represented in the Committee's records, were not excessive.[5] The Committee provided a copy of a letter from one contributor to verify that his $10,000 contribution was not for federal election activity, but for ballot security activity. The Committee had not deposited this contribution in its federal accounts.

In the information provided subsequent to the interim audit report, the Committee stated that transfers had already been made to the nonfederal account. The Committee stated that additional amounts would be transferred to the nonfederal account as funds became available.[6]

The audit concluded, however, that none of these apparent excessive contributions were resolved in a timely manner or in accordance with 11 C.F.R. § 103.3(b)(1). Therefore, the Committee knowingly accepted these contributions.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 102.5(a).

While reviewing its receipt records to address the apparent

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5. It should be noted that, in compiling the list on excessive contributions the audit staff had only a computer printout to review. Although it was known that the printout was not verified, the Committee agreed to its use due to a lack of more credible records at that time. In addition to other discrepancies noted further in this report, the subsequent information provided by Committee did not include the name of one of the contributors identified in the audit, there is no explanation for this omission.

6. Included in the amounts to be transferred was the total amount of a $10,000 contribution from one individual. There was no explanation of why this entire amount was to be transferred.

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excessive contributions discussed above, the Committee discovered four instances not identified by the audit, where funds had to be transferred to its nonfederal account. These instances involved funds received from four individuals. The total amount to be transferred was $10,100. However, the Committee did not explain why such transfers were required.

C. Federal Activity from Nonfederal Account

Commission regulations provide that when an organization finances activity in connection with both federal and nonfederal elections and decides to establish separate federal and nonfederal accounts, the federal account(s) shall be registered with the Commission as a political committee. All disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from the federal account. 11 C.F.R. § 102.5(a)(1)(i).

The audit identified a $5,000 contribution made on October 16, 1984, from the Committee's nonfederal account to the Gerald R. Ford New Leadership Committee, a federal multicandidate political committee registered with the Commission. A refund was obtained from the Ford Committee on March 7, 1987. The Committee had re-contributed $5,000 to the Ford Committee on February 24, 1987, from its federal account. Thus, this contribution was not originally made from the proper account, and corrective action was not taken within a reasonable time.

The audit also identified three additional disbursements from the Committee's nonfederal account that appear to have been made, at least in part, in connection with federal elections:

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(1) a $150,000 payment on September 10, 1984, to the RNC, which the Committee asserted was its "proportionate share of a general media buy made by the RNC for general advertisements encouraging Americans to support the Republican Party;" (2) payments of approximately $80,000 of expenses incurred by the "Victory Fund Budget" for salaries, an election-night victory party, and ballot security expenses; and (3) payments of $317.88 to the RNC for travel and related costs to attend a finance workshop. The audit found that the Committee had not demonstrated that these disbursements were solely for nonfederal activity. Instead, the audit concluded that these disbursements should have been, at least partially, allocated between the Committee's federal and nonfederal accounts in accordance with 11 C.F.R. §§ 102.5(a) and 106.1.

Therefore, there is reason to believe the Committee and its treasurer violated 11 C.F.R. § 102.5(a).

D. Expenditures on Behalf of Federal Candidates

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make contributions to any candidate and his authorized committees with respect to any election for federal office which, in the aggregate, exceed $5,000. Section 441a(d) permits the national committee of a political party to make limited coordinated expenditures in connection with the general election campaign of its presidential candidate and permits both the national and state committees of a political party to make limited coordinated expenditures in connection with the general election campaigns of their

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senatorial and congressional candidates.

Section 441a(f) provides that political committees shall not knowingly make expenditures on behalf of a candidate in violation of the limitations of Section 441a. Furthermore, Section 9003(b)(2) of Title 26 provides that no general election presidential candidate who is eligible to receive payments under the Presidential Election Campaign Fund Act shall accept contributions to defray qualified campaign expenses except to the extent necessary to make up any deficiency in fund payments. 11 C.F.R. § 9003.2(a)(2).

Sections 434(b)(4)(H)(i) and (iv) and 434(b)(6)(B)(i) and (iv) require a political committee other than an authorized committee to report and itemize contributions to other political committees and expenditures made pursuant to Section 441a(d). Sections 431(8)(A) and 431(9)(A) define "contribution" and "expenditure."

1. Voter Registration and GOTV

The Act exempts from the definition of contribution and expenditure the payments by a state or local committee of a political party for the costs of voter registration and get-out-the-vote ("GOTV") activities conducted by such committees on behalf of its nominees for President and Vice President. 2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix). However, certain criteria must be met for such payments to qualify for the exemption. These criteria are:

> (a) the payments are not for the costs incurred in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising. For

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these purposes, "direct mail" means any mailings by a commercial vendor or any mailing made from commercial lists;

(b) the portion of the costs of such activities allocable to federal candidates is paid from contributions subject to the limitations and prohibitions of the Act;

(c) the payments are not made from contributions designated to be spent on behalf of a particular candidate or candidates for federal office. For these purposes, a contribution is not considered designated, if the party committee disbursing the funds makes the final decision regarding which candidates shall receive the benefit of such disbursement; and

(d) the payments are not made from funds donated by a national committee of a political party to a state or local party committee for voter registration and GOTV activities. 11 C.F.R. §§ 100.7(b)(17) and 100.8(b)(18). Payments that qualify for this exemption are reported as disbursements and need not be allocated to specific candidates except as provided in the regulations.

In addition, the regulations provide that the payment by the state party of the costs incurred in the use of phone banks in connection with voter registration and GOTV activities is not a contribution or expenditure when such phone banks are operated by volunteer workers. The regulations also permit the use of paid professionals to design the phone bank system, develop instructions, and train supervisors. 11 C.F.R. §§ 100.7(b)(17)(v) and 100.8(b)(18)(v).

The regulations further explain that if such voter registration and GOTV activities include references to any congressional or senatorial candidates, the costs of such activities shall be a contribution to, or expenditure on behalf of, such candidates unless the mention of such candidates is merely incidental to the overall activity. 11 C.F.R.

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§§ 100.7(b)(17)(iv); 100.8(b)(18)(iv); and 106.1(c)(3).

The audit identified 38 expenditures totaling $403,915.40 paid to Karl Rove and Company for postage, printing, envelopes, artwork, response cards, shipping and other production costs for direct mail pieces, and 13 expenditures totaling $6,720.82 paid to employees of Reagan-Bush '84 for consulting fees related to the Committee's ballot security program. The direct mail pieces were prepared for mailing and then shipped to the Committee's phone centers for their actual mailing. The ballot security personnel evidently recruited volunteer poll watchers, monitored absentee voting, and assisted in determining priority precincts and additional ballot security services.

The audit noted, however, that the Committee used a commercial vendor in connection with the direct mail pieces. The audit also identified four receipts from the RNC totaling $119,500 that were deposited into the Victory '84 account and used to make these expenditures. It further noted that Committee records were inadequate to verify five additional receipts from the RNC totaling $28,000. The audit noted that the information provided by the Committee showed the use of volunteers in the phone banks and other stages of the Committee's activities that may meet part of the criteria for an exemption. The question remains whether the payments to consultants for the ballot security program come within the exemption for voter registration and GOTV activities in a manner similar to that for paid supervisors of phone banks, which are specifically covered by the Commission's regulations. The present record is incomplete

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regarding whether the voter registration and GOTV activities qualify for the exemption. Receipts from the RNC indicate that at least a portion of the costs will not meet the criteria.

2. Presidential Appearance

The audit also identified five expenditures totaling $98,806.19 made in connection with an appearance by President Reagan, then a candidate for re-election, at a dinner in Houston on October 2, 1984. The purpose of this event was evidently to raise funds for the Committee's volunteer activities on behalf of President Reagan and other Republican candidates in 1984. These expenditures included payments to the U.S. Treasurer for communications[7], as well as payments for catering, decorations, and other expenses. The audit concluded that the solicitation materials for this event indicated that these expenses did not qualify for an exemption to the definition of contribution or expenditure.

3. 1984 Senatorial Candidate

The Act and regulations exempt from the definition of contribution and expenditure payments by a state or local committee of a political party of the costs of campaign materials, such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs, used by such committee

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7. According to documentation received during the audit, the Committee reimbursed White House Communications support for costs connected with President Reagan's participation at the dinner. The total amount reimbursed was $8,955.39, including $1,246.78 for a teleprompter. The check was forwarded to the White House military office. Other than the mention of the teleprompter, information about other types of support provided is not available.

in connection with volunteer activities on behalf of its nominees. 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii); 11 C.F.R. §§ 100.7(b)(15) and 100.8(b)(16). In order to qualify for this exemption, however, such payments must meet certain criteria. The criteria for this exemption are discussed above, in section II.A.5, pages 9-11, of this report.

The audit identified three expenditures totaling $36,535.45 made on behalf of Phil Gramm, the Republican candidate for the U.S. Senate in Texas in 1984. These costs were made to a commercial vendor for printing and to an individual for a voting list. Although the Committee has taken the position that these expenditures qualify for the exemption for campaign materials used in connection with volunteer activities, it has not adequately demonstrated how these expenditures meet each of the criteria for this exemption.

4. Unidentified Activity

With respect to the majority of the remaining $2.6 million in expenditures by the Victory '84 account, the audit concluded that the vendor-generated documentation or other information prepared by the Committee was either not present, or inadequate to permit a determination whether these expenditures were made on behalf of federal candidates and, if so, whether they would qualify for any of the exemptions to the definition of contribution and expenditure. According to the audit, additional information provided by the Committee in response to the interim audit report did not adequately resolve these questions.

It is noted that the RNC reported spending within $511.50 of

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the Section 441a(d) limitation on behalf of its 1984 presidential candidate. Furthermore, a state committee of a political party does not have separate expenditure authority under Section 441a(d) with respect to its presidential candidate, although it may make such expenditures as the agent of the national committee. There is no evidence that the Committee made any of the above expenditures as the agent of the RNC. Also, the audit noted that the Committee reported making direct contributions totaling $10,000 to its 1984 Senate candidate and that the National Republican Senatorial Committee reported making total coordinated party expenditures of $889,149.00 on behalf of the same 1984 senatorial candidate, a figure that is slightly less than the combined limitations for the national and state party committees of $895,506.40.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 434(b) and 441a(f).

E. Contributions to Federal Candidates

Section 441a(a)(2)(A) of the Act provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. Commission regulations in effect at that time explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election" and that an undesignated contribution made after a primary election would be considered as

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made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (referencing 110.1(a)(2)).

The audit identified three contributions totaling $10,000 made to two candidates that appeared excessive. Beau Boulter and Richard K. Armey were both candidates for the U.S. House of Representatives in the 1984 election cycle. The Committee disclosed a $5,000 contribution to the Boulter campaign committee made on June 22, 1984, designated for the primary election and a $5,000 contribution to this same committee made on September 18, 1984, designated for the general election. The Boulter Committee designated both contributions for the general election. The Committee made two separate contributions of $2,500 each to the Armey campaign committee on June 22 and July 26, 1984, and designated for the primary election. The Committee disclosed an additional $5,000 contribution to the Armey Committee made on November 11, 1984, designated for the general election. The Armey Committee, however, designated each contribution for the general election. These contributions were made after the May 5, 1984, Texas primary election and before the November 6, 1984, general election. The audit determined that there was insufficient documentation to show that these contributions were designated in writing for the primary election, although reported as such by the Committee, and to show that the recipient candidates had sufficient net debts outstanding at the time of these contributions.

Therefore, there is reason to believe the Committee and its treasurer violated 2 U.S.C. § 441a(a)(2)(A).

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F. Summary

Therefore, based on the foregoing, there is reason to believe the Texas Republican Congressional Committee and Henry Santamaria, as treasurer, violated 2 U.S.C. §§ 432(c) and (d) for failing to maintain adequate records of contributions received and for failing to preserve required records for three years; 2 U.S.C. § 434(b) for failing to file timely amendments to financial disclosure reports, failing to aggregate and/or itemize $1.5 million in receipts, and failing to accurately report contributions and expenditures made on behalf of federal candidates; 11 C.F.R. § 102.17(c) for failing to appoint a fundraising representative, failing to have a written agreement for joint fundraising activity, failing to maintain required records pertaining to such fundraising activity, and failing to file Schedules A itemizing such contributions; 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 102.8 for failing to properly process certain earmarked contributions; 2 U.S.C. § 441a(f) for making excessive expenditures on behalf of federal candidates and for accepting excessive contributions; 2 U.S.C. § 441b(a) for accepting apparent corporate contributions; 11 C.F.R. § 102.5(a) for depositing impermissible funds in its federal account and for making disbursements from its nonfederal account in connection with federal elections; and finally, 2 U.S.C. § 441a(a)(2)(A) for making excessive contributions to federal candidates' authorized committees.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2598

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Henry Santamaria, Treasurer
Texas Republican Congressional Committee
P.O. Box 855
Austin, Texas 78767

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 657, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the documents.

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from January 1, 1983 to December 31, 1984.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

1. On August 14, 1984, the Texas Republican Congressional Committee ("the Committee") participated in a joint fundraising activity with the Harris County Victory Fund entitled, "Victory '84 James Baker Reception and Luncheon." Identify the fundraising representative for this activity. Provide a copy of the following documents connected with this fundraising activity:

   a. fundraising agreement
   b. contribution records
   c. Schedules A that itemize the contributions
   d. If any or all such documents cannot be provided, explain in detail the reasons why it cannot be provided.

2. Attached is a list of contributions received by the Committee which appear to have been earmarked for specific candidates or candidates' committees, as indicated. See Attachment 1. For each contribution listed, provide the following information:

   a. State whether the contribution was earmarked. If the contribution was not considered earmarked, explain in detail how that determination was made.

   b. State whether each earmarked contribution was transferred to the designated candidate or committee. State the date(s) of each transfer. If the contribution was not transferred, explain the circumstances.

   c. State how the Committee reported each of these contributions to the Commission.

   d. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

3. Attached is a list of apparent earmarked contributions received by the Committee which appear to have been signed by a person other than the account holder. See Attachment 2. In addition to the information requested at question #2 above, state whether each contribution was reported as received by the account holder or the signatory. Describe the method used for making this determination. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

4. In response to the Interim Audit Report the Committee stated that it conducted volunteer activities on behalf of the following candidates for federal office: Earl Jeffrey Wentworth, Joseph Peyton Wyatt, Jr., Phil Gramm (1983 special election for the House of Representatives and 1984 general

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election for the Senate). For each activity provide the following information:

a. Describe the activity and the date(s) of operation.

b. Provide a copy of all campaign materials produced in connection with the activity. If a copy is not available, state the reasons why a copy is not available, and describe the content of such material.

c. If the activity included a mailing(s), state the date(s) of each mailing.

d. State the original source of the list of names used in each mailing.

e. State the number of volunteers who assisted in the activity and whether the volunteers were paid. If so, state the purpose and amount of each payment. Describe the specific duties/tasks performed and the average time expended by the volunteers in connection with this activity.

f. State whether a commercial vendor assisted with the activity. If yes, identify the vendor(s) and describe the services provided. State the amount paid to each vendor and the date of each payment.

g. Provide copies of all contracts, vouchers, receipts, invoices, and other documentation related to the business transactions with each vendor.

h. State whether the funds used to pay for the activity were designated for specific candidates and if so, identify each candidate.

i. State whether the Committee received funds from the Republican National Committee ("RNC"), the National Republican Congressional Committee ("NRCC"), or the National Republican Senatorial Committee ("NRSC") in connection with the activity. State whether these committees disbursed funds directly to the vendor(s) in connection with the activity.

j. State whether the Committee assigned its coordinated party expenditure limitation allowed under 2 U.S.C. § 441a(d) for each of the above candidates to the NRCC or the NRSC. Provide a copy of the written designation.

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k. If any or all such information and documents requested above cannot be provided, explain in detail the reasons why it cannot be provided.

5. Attached is a list of apparent corporate contributions received by the Committee. See Attachment 3.

a. State whether the Committee determined the legality of each contribution. If yes, state the method used and the date(s) such determination was made.

b. If the Committee did not determine the legality of a contribution listed, state the reason(s) why such determination was not made.

c. State whether the Committee has transferred any of the contributions listed on Attachment 3 from its federal account(s) to its nonfederal account(s). Identify each contribution so transferred, the date of each transfer and the reason(s) for such transfer.

d. If any or all such information requested above cannot be provided, explain in detail the reasons why it cannot be provided.

6. In a memorandum dated April 3, 1987, the Committee, via its consultants, provided information about certain apparent excessive contributions it had received from individual contributors.

a. State whether the Committee has completed the transfer of the excessive amounts from its federal to its nonfederal accounts. State the date and amount of each transfer.

b. The audit identified contributions from John F. Eulich totaling $10,000, however, information about this contributor was not provided in the Committee's response. State the reason(s) for this omission, and the circumstances and status of these contributions.

c. In the Committee's response a total of $10,000 contributed by Bob Eckels was listed to be transferred. State the reason(s) for this transfer and the date of the transfer.

d. The Committee identified contributions from four additional persons that needed to be transferred. State the reason(s) for determining that such transfers were necessary and the date of each transfer. The persons and amounts identified were: Mary C. Crowley - $100, Julia Jones Matthews - $5,000, Peter O'Donnell - $2,500, and Edith J. O'Donnell - $2,500.

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e. If any or all such information requested above can not be provided, explain in detail the reasons why it cannot be provided.

7. In 1984, expenses connected with the "Victory Fund Budget," which totaled approximately $80,000, were absorbed by the Committee's nonfederal account. State the purpose of the "Victory Fund Budget" and describe the activities funded by this budget. State the reason(s) for absorbing these expenses into the nonfederal account. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

8. During the 1984 election cycle, the Committee conducted get-out-the-vote ("GOTV") and voter registration activities on behalf of the Republican presidential and vice-presidential candidates. Specifically, the Committee conducted certain mailings and operated telephone banks for the benefit of these candidates. For <u>each</u> activity provide the following information:

a. Provide a copy of each item mailed. If a copy is not available, state the reasons why a copy is not available, and describe the content of each item. Identify all the candidates for federal office mentioned in each mailing and the manner and context in which they all were mentioned. If any or all such information and documents cannot be provided, explain in detail the reasons why it cannot be provided, and describe the content of each item.

b. State the date(s) of each mailing.

c. State the original source of the list of names used in each mailing.

d. State whether a commercial vendor assisted with each activity. If yes, identify the vendor(s) and describe the services provided. State the amount paid to each vendor and the date of each payment.

e. Provide copies of all contracts, vouchers, receipts, invoices, and other documentation related to the business transactions with each vendor identified in subsection (d), above.

f. State whether the funds used to pay for each activity were designated for specific candidates and if so, identify each candidate and the amount designated.

g. State whether the Committee received funds from the RNC, the NRCC, or the NRSC, in connection with the activity. State whether these committees disbursed funds directly to the vendor(s) in connection with the activity.

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h. Provide a copy of each script used in the telephone bank(s). If a copy is not available, state the reasons why a copy is not available and describe the contents of the telephone scripts. Identify all the candidates for federal office mentioned in each telephone script and the manner and context in which they were mentioned.

i. State whether the volunteers used in the activity were paid. If so, state the purpose and amount of each payment.

j. State whether professionals were used to design the telephone bank system, develop the instructions, and train supervisors for the telephone bank activity. If yes, state the number of professionals used and the services provided by each. State the amount paid to each professional and the date of each payment.

k. State whether the RNC authorized the Committee to make expenditures on behalf of the 1984 presidential candidate pursuant to Section 441a(d) of the Federal Election Campaign Act of 1971, as amended. If yes, provide a copy of the written authorization.

l. If any or all such information and documents requested above cannot be provided, explain in detail the reasons why it cannot be provided.

9. On June 22, 1984, the Committee contributed $5,000 to the campaign of Beau Boulter and $2,500 to the campaign of Dick Armey, both candidates for the U.S. House of Representatives. On July 26, 1984, the Committee contributed an additional $2,500 to Armey's campaign. The Committee designated these contributions for the primary election, which was held on May 5, 1984, in the state of Texas. For each of the contributions, provide the following information and documents:

a. a copy of a writing that designated the contribution for the primary election.

b. State whether the Committee determined whether the above recipient committees had net debts outstanding at the time the above contributions were made. If yes, describe the method used by the Committee to make such a determination.

c. If any or all such information and documents cannot be provided, explain in detail the reasons why it cannot be provided.

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HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 SEP 15 PM 1:06

Beau Boulter

FOR U.S. SENATE

September 13, 1988

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

ATTN: Sandra H. Robinson

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills, as
Treasurer

RECEIVED
FEDERAL ELECTION COMMISSION
88 SEP 15 PM 3:06

Dear Ms. Robinson:

With regard to the above referenced matter, enclosed please find an amended FEC Report for the period 4-16-84 thru 6-30-84 and a detailed letter of explanation from Joan Schilling that will substantiate the committee's primary debt status as of June 22, 1984.

Inasmuch as I was not the Treasurer of the committee in 1984, I have asked that Joan Schilling provide this explanation to you because she was on the congressman's campaign staff during the period in question.

I am certain that the enclosed materials will answer any questions you may have.

Sincerely,

Donald H. Wills

Donald H. Wills
Treasurer
Texans for Beau Boulter

Enclosures

(1) Amended FEC Report for 4-16-84 thru 6-30-84
(2) Detailed explanation letter from Joan Schilling
(3) Xerox copies of pertinent invoices

Paid for by Boulter for Senate Committee

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REPORTS OF RECEIPTS AND DISBURSEMENTS
For Authorized Committee

(Summary Page)

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

83 SEP 15 PM 1:06

1. Name of Committee (in Full)	2. FEC Identification Number
BEAU BOULTER FOR CONGRESS	#099350
Address (Number and Street)	3. Is this Report an Amendment?
3416-E Olsen Boulevard	[X] YES [ ] NO
City, State and Zip Code	[ ] Check if address is different than previously reported.
Amarillo, TX 79109	

4. TYPE OF REPORT

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

This report contains activity for – [X] Primary Election [X] General Election [ ] Special Election [ ] Runoff Election

SUMMARY	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period 4-16-84 through 6-30-84		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (From Line 11 (e))	78,385.00	131,825.00
(b) Total Contribution Refunds (from Line 20 (d))	-0-	-0-
(c) Net Contributions (other than loans) (subtract Line 6 (b) from 6 (a))	78,385.00	131,825.00
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	86,151.24	126.514.79
(b) Total Offsets to Operating Expenditures (from Line 14)	-0-	-0-
(c) Net Operating Expenditures (Subtract Line 7 (b) from 7 (a))	86,151.24	126,514.79
8. Cash on Hand at Close of Reporting Period (from Line 27)	3,635.64	
9. Debts and Obligations Owed TO The Committee (Itemize all on Schedule C or Schedule D)	-0-	
10. Debts and Obligations Owed BY The Committee (Itemize all on Schedule C or Schedule D)	9,069.89	

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

Donald H. Wills, Treasurer
Type or Print Name of Treasurer

Donald H. Wills
SIGNATURE OF TREASURER

Date

For further information, contact:
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463
Toll Free 800-424-9530
Local 202-376-3120

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

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

FEC FORM 3 (3/80)

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

Name of Committee (in Full)	Report Covering the Period:	
BEAU BOULTER FOR CONGRESS #099350	From: 4-16-84	To: 6-30-84

I. RECEIPTS	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date	
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees (Memo Entry Unitemized $ 19,153.38)	60,243.38	108,683.38	11 (a)
(b) Political Party Committees.	15,091.62	19,091.62	11 (b)
(c) Other Political Committees	1,000.00	1,000.00	11 (c)
(d) The Candidate	2,050.00	3,050.00	11 (d)
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a), 11(b), 11(c) and 11(d).	78,385.00	131,825.00	11 (e)
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES	-0-	-0-	12
13. LOANS:			
(a) Made or Guaranteed by the Candidate	-0-	-0-	13 (a)
(b) All Other Loans	-0-	-0-	13 (b)
(c) TOTAL LOANS (add 13 (a) and 13 (b))	-0-	-0-	13 (c)
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)	-0-	-0-	14
15. OTHER RECEIPTS (Dividends, Interest, etc.)	-0-	-0-	15
16. TOTAL RECEIPTS (add 11 (e), 12, 13 (c), 14 and 15)	78,385.00	131,825.00	16
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES	86,151.24	126,514.79	17
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES	-0-	-0-	18
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate	-0-	-0-	19 (a)
(b) Of All Other Loans	-0-	-0-	19 (b)
(c) TOTAL LOAN REPAYMENTS (add 19 (a) and 19 (b))	-0-	-0-	19 (c)
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees	-0-	-0-	20 (a)
(b) Political Party Committees.	-0-	-0-	20 (b)
(c) Other Political Committees	-0-	-0-	20 (c)
(d) TOTAL CONTRIBUTION REFUNDS (add 20 (a), 20 (b), and 20 (c))	-0-	-0-	20 (d)
21. OTHER DISBURSEMENTS	1,674.57	1,674.57	21
22. TOTAL DISBURSEMENTS (add 17, 18, 19 (c), 20 (d) and 21)	87,825.81	128.189/36	22

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	$ 13,076.45	23
24. TOTAL RECEIPTS THIS PERIOD (From Line 16)	$ 78,385.00	24
25. SUBTOTAL (Add Line 23 and Line 24)	$ 91,461.45	25
26. TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)	$ 87,825.81	26
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25)	$ 3,635.64	27

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SCHEDULE A — ITEMIZED RECEIPTS

Separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 11

FOR LINE NUMBER 11 (a)

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

NAME OF COMMITTEE (in Full)
BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Tom Abraham Box 105 Canadian, Texas 79014 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Retired Occupation Aggregate Year-to-Date > $ 300.00	5-10-84 6-19-84	100.00 200.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Keith Adams 2505 Lakeview, Suite 205 Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Advertising Aggregate Year-to-Date > $ 600.00	5-9-84 6-1-84	250.00 100.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Kermit Albertson 2410 Teckla Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	President Occupation Western Builders Aggregate Year-to-Date > $ 500.00	5-11-84	500.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
A. C. Baker Petroleum Building Wichita Falls, Texas 76301 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 300.00	4-26-84	300.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Jack E. Bearden 1601 Burlington Wichita Falls, Texas 76302 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Driller Aggregate Year-to-Date > $ 425.00	6-1-84	200.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Edgar Blair Box 868 Borger, Texas 79007 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,500.00	6-7-84	1,000.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
D. Phil Bolin 510 Hamilton Building Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,000.00	6-13-84 6-18-84	500.00 250.00

SUBTOTAL of Receipts This Page (optional)	3,400.00
TOTAL This Period (last page this line number only)	

23040944732

SCHEDULE A — ITEMIZED RECEIPTS

Separate schedule(s) for each category of the Detailed Summary Page

PAGE 2 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (In Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Clovis Boren 1707 Boyd Street Borger, Texas 79007 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,500.00	6-19-84	500.00
B. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
James E. Brandon 1709 S. Avondale Amarillo, Texas 79106 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Occupation Attorney Aggregate Year-to-Date > $ 1,000.00	4-27-84	250.00
C. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Robert W. Brandt 102 Palomino Amarillo, Texas 79106 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Baker & Taylor Occupation Employee Aggregate Year-to-Date > $ 1,000.00	4-16-84	1,000.00
D. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Emma Louise Brown 6202 Calumet Amarillo, Texas 79106 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Housewife Occupation Aggregate Year-to-Date > $ 1,050.00	6-18-84	500.00
E. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Natalie H. Buckthal 444 First National Bank Bldg. Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Housewife Occupation Aggregate Year-to-Date > $ 300.00	5-30-84	300.00
F. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Roy L. Bulls Box 308 Spearman, Texas 79081 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Baker & Taylor Occupation Employee Aggregate Year-to-Date > $ 700.00	5-03-84 6-23-84	500.00 100.00
G. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Thomas R. Cambridge 216 Texas Commerce Bank Bldg. Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 500.00	6-21-84	250.00

SUBTOTAL of Receipts This Page (optional)	3,400.00
TOTAL This Period (last page this line number only)	

23040944733

SCHEDULE A ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 3 OF 11

FOR LINE NUMBER 11 (a)

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

NAME OF COMMITTEE (In Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Harry Campsey 5501 Seymour Highway Wichita Falls, Texas 76310 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Texas Oil & Gas Occupation: Drilling Contractor Aggregate Year-to-Date > $ 500.00	5-31-84	500.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
J. D. Christy 6500 Fulton Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Western National Life Insurance Co. Occupation: Executive Aggregate Year-to-Date > $ 300.00	5-07-84	300.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
David D. Cooper 3909 Gatewood Amarillo, Texas 79109 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Baker & Taylor Occupation: Employee Aggregate Year-to-Date > $ 500.00	4-17-84	500.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation Aggregate Year-to-Date > $		
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
DeVoe Davis Drawer 3010 Borger, Texas 79007 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Independent Oil & Gas Producer Aggregate Year-to-Date > $ 600.00	6-18-84	100.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Mark Davis P. O. Box 31928 Amarillo, Texas 79120 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Property Management Aggregate Year-to-Date > $ 2,000.00	5-09-84	1,000.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Tom Edmonds P. O. Box 985 Borger, Texas 79008-0985 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Self Occupation: Attorney Aggregate Year-to-Date > $ 625.00	5-01-84 6-18-84	300.00 25.00

SUBTOTAL of Receipts This Page (optional)	2,725.00
TOTAL This Period (last page this line number only)	

93040944734

SCHEDULE A — ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 4 OF 11

FOR LINE NUMBER 11 (a)

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

NAME OF COMMITTEE (in Full)
BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Calvin H. Ellis 3718 Rutson Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Landman Aggregate Year-to-Date > $ 265.00	6-12-84 6-21-84	40.00 200.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
E. Hobart Fatheree P. O. Box 559 Pampa, Texas 79065 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Occupation: Rancher Aggregate Year-to-Date > $ 250.00	4-27-84	250.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
James B. Franklin 444 First National Bank Bldg. Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Independent Oil & Gas Producer Aggregate Year-to-Date > $ 750.00	6-01-84	250.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Dr. J. W. Ghormley 3408 Olsen Boulevard Amarillo, Texas 79109 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Occupation: Optometrist Aggregate Year-to-Date > $ 250.00	4-27-84	200.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Robert D. Grace P. O. Box 12094 Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Petroleum Geologist Aggregate Year-to-Date > $ 2,000.00	5-14-84	1,000.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
George Graham 400 First Wichita Nat'l Bank Bldg Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Cattleman Aggregate Year-to-Date > $ 1,000.00	6-19-84	500.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Robert Gunn 723 First Wichita Nat'l Bldg. Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation: Petroleum Geologist Aggregate Year-to-Date > $ 1,000.00	5-24-84	1,000.00

SUBTOTAL of Receipts This Page (optional)	3,440.00
TOTAL This Period (last page this line number only)	

93040944735

SCHEDULE A — ITEMIZED RECEIPTS

Separate schedule(s) for each category of the Detailed Summary Page

PAGE 5 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Gene G. Hill 4021 Mockingbird Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Merchant / $ 300.00	5-10-84 6-20-84	100.00 200.00
B. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Essa Todd Hoover Box 123 Perryton, Texas 79070 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Retired / / $ 250.00	6-17-84	100.00
C. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Joe and Betty Howell 3502 Danbury Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Marsh Enterprises / Employee / $ 750.00	5-09-84 6-14-84	500.00 200.00
D. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Warren J. Kincaid Amarillo Nat'l Bank, Plaza One Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Amarillo Nat'l Bank / Vice President / $ 300.00	6-04-84	300.00
E. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Chester Lambert 6710 Gainsborough Amarillo, Texas 79106 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Baker & Taylor / Employee / $ 500.00	5-04-84	500.00
F. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Larry Latham 2904 Polk Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Producers Lloyds Insurance / Office Manager / $ 225.00	6-06-84	200.00
G. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Robert E. Lee 2181 E. Settlers Way The Woodlands, Texas 77380 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Independent Oil & Gas Producer / $ 500.00	6-07-84	500.00

SUBTOTAL of Receipts This Page (optional)	2,600.00
TOTAL This Period (last page this line number only)	

23040944736

SCHEDULE A ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 6 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Roger E. Lewis 607 Hamilton Building Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Independent Oil & Gas Producer / $ 1,500.00	6-06-84	500.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
W. L. Lindemann 1411 13th, Building 1-A Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Drilling Congractor / $ 750.00	6-08-84	250.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
F. Lanham Lyne 2601 Amherst Wichita Falls, Texas 76308 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Student / / $ 1,000.00	4-26-84	1,000.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Norman R. Lytle Box 7176 Amarillo, Texas 79114 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Dirt Contractor / $ 1,065.00	5-31-84	1,000.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
T. M. Mays 914 Tyler Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Mays Investment Co. / Secretary/Treasurer / $ 500.00	6-06-84	500.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
W. A. Mays 914 Tyler Amarillo, Texas 79101 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Mays Investment Co. / President / $ 250.00	6-06-84	250.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Tom B. Medders, Jr. 414 City National Bank Bldg. Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self / Independent Oil & Gas Producer / $ 500.00	6-01-84	500.00

SUBTOTAL of Receipts This Page (optional)	4,000.00
TOTAL This Period (last page this line number only)	

93040944737

SCHEDULE A ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 7 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Herbert T. Moller 1006 City National Building Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Independent Oil & Gas Producer $ 250.00	5-23-84	250.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Edward Morris P. O. Box 15208 Amarillo, Texas 79105 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Attorney $ 1,025.00	5-10-84	25.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
William O. Mullins 117 Parkview Drive Amarillo, Texas 79106 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Amarillo Nat'l Bank Vice President $ 300.00	6-06-84	300.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
J. G. O'Brien Box 9598 Amarillo, Texas 79105 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Rancher $ 1,000.00	6-01-84	1,000.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
E. Jay O'Keefe 1228 Austin Amarillo, Texas 79102 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Western National Life Insurance Co. President $ 2,000.00	5-09-84	1,000.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Mary Ann O'Keefe 1228 Austin Amarillo, Texas 79102 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Amarillo Independent School District Teacher $ 2,000.00	5-09-84	1,000.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
R. Earl O'Keefe 2808 Hayden Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Investments $ 2,000.00	5-09-84	1,000.00

SUBTOTAL of Receipts This Page (optional)	4,575.00
TOTAL This Period (last page this line number only)	

93040944738

SCHEDULE A ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 8 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Dr. Charles Osborn 3507 Edgewood Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Dentist Aggregate Year-to-Date > $ 540.00	6-17-84	40.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Jack W. Perry 18630 Barbuda Lane Houston, Texas 77058 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Student Aggregate Year-to-Date > $ 2,000.00	4-18-84 6-20-84	1,000.00 1,000.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Kathy K. Perry 18630 Barbuda Lane Houston, Texas 77058 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Student Aggregate Year-to-Date > $ 2,000.00	4-18-84 6-20-84	1,000.00 1,000.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Barrett W. Pierce Route 1 Clarendon, Texas 79226 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Rancher/Farmer Aggregate Year-to-Date > $ 1,000.00	5-30-84	1,000.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Jack and Doris Rediger 13059 Addison Street Sherman Oaks, California 91403 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Universal Furniture Owner Aggregate Year-to-Date > $ 245.00	6-23-84 6-23-84	230.00 15.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
W. Riggs P. O. Box 714 Clarendon, Texas 79226 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Farm & Ranch Supply Aggregate Year-to-Date > $ 1,000.00	5-19-84	1,000.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
A. L. Sauder, Jr. 202 Hamilton Building Wichita Falls, Texas 76307 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 750.00	6-19-84	500.00

SUBTOTAL of Receipts This Page (optional)	6,785.00
TOTAL This Period (last page this line number only)	

93040944739

SCHEDULE A — ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 9 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
John W. Sauder 4515 University Wichita Falls, Texas 76308 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 750.00	6-19-84	500.00
B. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Wes Savage 3504 Carlton Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Amarillo Nat'l Bank Occupation Executive V. Pres. Aggregate Year-to-Date > $ 400.00	6-04-84	400.00
C. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
L. R. Spradling Box 5210 Borger, Texas 79007 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Driller Aggregate Year-to-Date > $ 1,500.00	6-19-84	500.00
D. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Mrs. Elizabeth Swanner 2315 Bullington Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Housewife Occupation Aggregate Year-to-Date > $ 1,000.00	6-05-84	1,000.00
E. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
John L. Swanner, Jr. 3313 Kessler Wichita Falls, Texas 76309 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,000.00	6-23-84	1,000.00
F. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Roger E. Swanner 3501 Copperas Cove Wichita Falls, Texas 76310 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,000.00	5-01-84	1,000.00
G. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Mr. and Mrs. William S. Thomas 4002 Gatewood Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Consulting Engineer Aggregate Year-to-Date > $ 210.00	6-15-84	160.00

SUBTOTAL of Receipts This Page (optional)	4,560.00
TOTAL This Period (last page this line number only)	

93040944740

SCHEDULE A — ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 10 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Mr. and Mrs. S. K. Tuthill 2612 Henning Amarillo, Texas 79106 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,000.00	6-05-84	1,000.00
B. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
P. David Walker 3003 S. Hughes (rear) Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Baker & Taylor Occupation Employee Aggregate Year-to-Date > $ 250.00	5-21-84	250.00
C. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
David Warren P. O. Box 949 Borger, Texas 79007 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Panhandle Bank & Trust Company Occupation President Aggregate Year-to-Date > $ 1,500.00	6-07-84	500.00
D. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Deane C. Watson, Jr. 3537 Marsh Place Amarillo, Texas 79121 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Petroleum Landman Aggregate Year-to-Date > $ 300.00	6-22-84	200.00
E. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Dr. John G. Whinery 3207 Hawthorne Amarillo, Texas 79109 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Self Occupation Dentist Aggregate Year-to-Date > $ 425.00	4-20-84 5-02-84	100.00 300.00
F. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
John Young 3803 Linda Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	First Federal Savings & Loan Occupation President Aggregate Year-to-Date > $ 1,200.00	6-23-84	200.00
G. Full Name, Mailing Address and ZIP Code	**Name of Employer / Occupation / Aggregate Year-to-Date**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Marvin C. Zeid P. O. Box 52485 Houston, Texas 77052 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Occupation Independent Oil & Gas Producer Aggregate Year-to-Date > $ 1,000.00	5-18-84	1,000.00

SUBTOTAL of Receipts This Page (optional)	3,550.00
TOTAL This Period (last page this line number only)	

93040944741

SCHEDULE A — ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 11 OF 11

FOR LINE NUMBER 11 (a)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Charles Shaw 6017 Calumet Amarillo, Texas 79106 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Centaur Exploration President Aggregate Year-to-Date > $ 700.00	6-07-84	200.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Arthur C. Shultz 6509 Kingsbury Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Cattleman Aggregate Year-to-Date > $ 1,000.00	6-26-84	1,000.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
John Smithee 2808 S. Parker Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Self Attorney Aggregate Year-to-Date > $ 240.00	6-23-84 6-23-84	200.00 15.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Jim Staley City National Bank Building Wichita Falls, Texas 76301 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Self Independent Oil & Gas Producer Aggregate Year-to-Date > $ 500.00	4-26-84	500.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Thomas E. Stauder P. O. Box 50120 Amarillo, Texas 79159 Receipt For: ☒ Primary ☒ General ☐ Other (specify):	Equitable Life Ins. Insurance Agent Aggregate Year-to-Date > $ 340.00	4-30-84 6-16-84	100.00 40.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):			
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):			

SUBTOTAL of Receipts This Page (optional)	2,055.00
TOTAL This Period (last page this line number only)	11,090.00

23040944742

SCHEDULE A — ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 1 OF 1

FOR LINE NUMBER 11 (b)

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NAME OF COMMITTEE (In Full)

BEAU BOULTER FOR CONGRESS #099350

Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
A. Amarillo Republican Women's Club Susan Gilmore, Treasurer 4603 West 37th Amarillo, Texas 79109 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Occupation Aggregate Year-to-Date > $ 600.00	6-23-84	600.00
B. Archer County Republican Party % W. L. Lindemann 1411 13th Street, Building 1-A Wichita Falls, Texas 76301 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Occupation Aggregate Year-to-Date > $ 250.00	6-08-84	250.00
C. National Republican Congressional Committee 320 First Street, S.E. Washington, D.C. 20003 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer / Occupation * Texas 13 Survey for Beau Boulter for Congress Aggregate Year-to-Date > $ 8,741.62	5-30-84 6-12-84	241.62 * 4,500.00
D. Republican National Committee 310 First Street, S.E. Washington, D.C. 20003 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	6-01-84	4,500.00
E. Texas Republican Congressional Committee P. O. Box 855 Austin, Texas 78767 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer / Occupation * Designated for Primary Debt Aggregate Year-to-Date > $	6-22-84	5,000.00 *
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date > $	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional)	15,091.62
TOTAL This Period (last page this line number only)	15,091.62

23040944743

SCHEDULE A — ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 1 OF 1

FOR LINE NUMBER 11 (c)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
The Conservative Caucus PAC 501 Church Street Vienna, Virginia 22180	Occupation	4-22-84	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Aggregate Year-to-Date > $ 1,000.00		

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)	1,000.00
TOTAL This Period (last page this line number only)	1,000.00

23040944744

SCHEDULE A — ITEMIZED RECEIPTS

separate schedule(s) each category of the Detailed Summary Page

PAGE 1 OF 1

FOR LINE NUMBER 11 (d)

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Beau Boulter, Attorney at Law 6304 Oakhurst Amarillo, Texas 79109	Self	4-16-84 4-24-84	50.00 2,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Attorney		
	Aggregate Year-to-Date > $ 3,050.00		
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)	2,050.00
TOTAL This Period (last page this line number only)	2,050.00

23040944745

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
A. Joan Schilling 3447 Amherst, #118 Amarillo, Texas 79109	Salary	[X] Primary [X] General [ ] Other (specify)	4-16-84 4-30-84 5-15-84	416.59 499.32 536.67
B. Joan Schilling 3447 Amherst, #118 Amarillo, Texas 79109	Salary	[ ] Primary [X] General [ ] Other (specify)	5-31-84 6-15-84	536.67 536.67
C. Mark J. Caruso 6040 Belpree, #205A Amarillo, Texas 79106	Contract Labor	[X] Primary [X] General [ ] Other (specify)	4-16-84 4-30-84 5-22-84	900.00 900.00 900.00
D. Mark J. Caruso 6040 Belpree, #205A Amarillo, Texas 79106	Contract Labor	[ ] Primary [X] General [ ] Other (specify)	6-05-84	1,200.00
E. Mark J. Caruso 6040 Belpree, #205A Amarillo, Texas 79106	Reimbursement (Kelly Girls & Snacks/Vols.)	[X] Primary [X] General [ ] Other (specify)	4-30-84 6-09-84	127.82 17.57
F. Valerie Sanders 2809 S. Polk Amarillo, Texas 79109	Contract Labor	[X] Primary [X] General [ ] Other (specify)	4-16-84 4-30-84 5-15-84	750.00 750.00 750.00
G. Valerie Sanders 2809 S. Polk Amarillo, Texas 79109	Contract Labor	[ ] Primary [X] General [ ] Other (specify)	5-31-84 6-16-84 6-25-84	750.00 750.00 375.00
H. Valerie Sanders 2809 S. Polk Amarillo, Texas 79109	Reimbursement (Gas, Zip Print & Meals in W.F.)	[ ] Primary [X] General [ ] Other (specify)	5-22-84 6-25-84	134.80 64.38
I. Rebecca Boulter 6304 Oakhurst Amarillo, Texas 79109	Contract Labor	[X] Primary [X] General [ ] Other (specify)	4-16-84 4-30-84 5-31-84	106.75 33.25 123.25

SUBTOTAL of Disbursements This Page (optional)	11,158.74
TOTAL This Period (last page this line number only)	

23040944746

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 2 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)
BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Rebecca Boulter 6304 Oakhurst Amarillo, Texas 79109	Contract Labor Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-19-84	92.50
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Industrial Tape & Label P. O. Box 14206 Houston, Texas 77021	Badges - Beau Boulter for Congress Disbursement for: [X] Primary [ ] General [ ] Other (specify)	4-16-84	227.26
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Elliott/Russell P. O. Box 2688 Amarillo, Texas 79105	Office Supplies Disbursement for: [X] Primary [X] General [ ] Other (specify)	4-16-84 6-14-84	61.27 107.91
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Swifty Print 708 Taylor marillo, Texas 79101	Printing Disbursement for: [X] Primary [X] General [ ] Other (specify)	4-16-84 5-07-84 5-22-84	62.81 14.04 114.40
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Swifty Print 708 Taylor Amarillo, Texas 79101	Printing Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-22-84	63.33
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Stamps Disbursement for: [X] Primary [ ] General [ ] Other (specify)	4-19-84 4-25-84 5-07-84	100.00 110.00 134.00
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Stamps Disbursement for: [ ] Primary [X] General [ ] Other (specify)	5-16-84 6-04-84 6-08-84	110.00 151.00 251.00
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Stamps Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-28-84	200.00
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Collect Mail Disbursement for: [X] Primary [ ] General [ ] Other (specify)	5-01-84 5-02-84 5-03-84	1.90 19.38 11.12

SUBTOTAL of Disbursements This Page (optional) 1,831.92

TOTAL This Period (last page this line number only) .....

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SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 3 OF 6

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Collect Mail Disbursement for: [X] Primary [ ] General [ ] Other (specify)	5-04-84 5-05-84 5-07-84	9.12 8.74 1.52
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Collect Mail Disbursement for: [ ] Primary [X] General [ ] Other (specify)	5-09-84 5-10-84 5-11-84	1.90 2.28 1.90
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Collect Mail Disbursement for: [ ] Primary [X] General [ ] Other (specify)	5-14-84 5-15-84	1.52 1.52
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Express Mail Disbursement for: [X] Primary [ ] General [ ] Other (specify)	4-25-84	9.35
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Postmaster 2300 Ross Amarillo, Texas 79103	Postage Disbursement for: [ ] Primary [ ] General [ ] Other (specify)	5-16-84	168.00
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Continental Trailways 700 S. Tyler Amarillo, Texas 79101	Freight Disbursement for: [X] Primary [ ] General [ ] Other (specify)	4-20-84 4-20-84 4-30-84	18.90 18.90 10.55
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Continental Trailways 700 S. Tyler Amarillo, Texas 79101	Freight Disbursement for: [ ] Primary [X] General [ ] Other (specify)	5-11-84	9.15
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Berneta Communications, Inc. Madison and Park Place Amarillo, Texas 79101	TV Ads Disbursement for: [X] Primary [ ] General [ ] Other (specify)	4-20-84	3,932.00
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Sandler-Innocenzi 1511 K, NW, Suite 1100 Washington, D.C. 20005	TV Ads Disbursement for: [X] Primary [X] General [ ] Other (specify)	4-20-84 5-16-84 6-14-84	3,932.00 3,070.50 1,685.50

SUBTOTAL of Disbursements This Page (optional) 10,526.35

TOTAL This Period (last page this line number only) .....

93040944748

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 4 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Sandler-Innocenzi 1511 K, NW, Suite 1100 Washington, D.C. 20005	TV Ads Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	6-22-84 6-25-84	9,000.00 1,560.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Connell Stationery 3707 Wolflin Amarillo, Texas 79102	Office Supplies Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	4-20-84 6-04-84 6-18-84	39.67 2.68 8.66
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
National Mail P. O. Box 2687 Houston, Texas 77001	Mailer 1-A Disbursement for: ☒ Primary ☐ General ☐ Other (specify)	4-25-84	4,684.50
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Houston Data 2900 Smith Street Houston, Texas 77006	List Development Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	4-25-84 5-25-84 6-04-84	3,000.00 1,000.00 2,000.00
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Lakewood Office Park P. O. Box 31928 Amarillo, Texas 79120	Office Rent-Amarillo Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	5-01-84 5-31-84	500.00 500.00
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
C.W.L. Dennis 4600 Belair Blvd. Wichita Falls, Texas 76310	Office Rent-Wichita F. Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	5-01-84 5-31-84	495.00 495.00
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Investment Consultants, Inc. 3416-B Olsen Boulevard Amarillo, Texas 79109	Office Rent-Amarillo Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	5-01-84 6-13-84	100.00 399.25
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
Investment Consultants, Inc. 3416-B Olsen Boulevard Amarillo, Texas 79109	Xerox Expense - April and May Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	6-13-84	381.97
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
VISA-Rocky Mountain Bankcard P. O. Box 5952 Denver, Colorado 80217	Travel Expenses - Gas, Hotels, Meals Disbursement for: ☒ Primary ☒ General ☐ Other (specify)	5-01-84 6-13-84	42.80 605.91

SUBTOTAL of Disbursements This Page (optional)	24,815.44
TOTAL This Period (last page this line number only)	

93040944749

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 5 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Diamond Shamrock Box 300 Amarillo, Texas 79161	Gas Disbursement for: [X] Primary [X] General [ ] Other (specify)	5-01-84 6-28-84	146.82 344.68
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Southwestern Bell Telephone P. O. Box 90 San Antonio, Texas 78287	Telephone - Amarillo Headquarters Disbursement for: [X] Primary [X] General [ ] Other (specify)	5-01-84 6-05-84	880.56 396.76
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Southwestern Bell Telephone P. O. Box 22521 Dallas, Texas 75265	Telephone - Wichita Falls Headquarters Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-05-84	55.07
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
AT&T Information Systems 10056 Marsh Lane Dallas, Texas 75229	Installation W.F. and One Month Serv. Agree. Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-05-84 6-28-84	184.63 64.63
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Southwestern Public Serv. Co 600 Tyler Amarillo, Texas 79101	Electricity - Amarillo Headquarters Disbursement for: [X] Primary [X] General [ ] Other (specify)	5-01-84 5-31-84	113.68 139.00
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Standard Printing 1110 N. Fillmore Amarillo, Texas 79107	Letterheads and Envelopes Disbursement for: [X] Primary [ ] General [ ] Other (specify)	5-01-84	412.13
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Pond Printing 8711 Burnet Rd, #90-H Austin, Texas 78758	Printing Disbursement for: [X] Primary [ ] General [ ] Other (specify)	5-07-84 6-08-84	487.50 1,000.00
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Southern Political Consult. 6900 Fannin, Suite 622 Houston, Texas 77030	Consulting Fees Disbursement for: [X] Primary [ ] General [ ] Other (specify)	5-07-84 5-15-84 6-04-84	1,987.50 1,000.00 1,000.00
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
Southern Political Consult. 6900 Fannin, Suite 622 Houston, Texas 77030	Consulting Fees Disbursement for: [X] Primary [ ] General [ ] Other (specify)	6-26-84	2,000.00

SUBTOTAL of Disbursements This Page (optional) 10,212.96

TOTAL This Period (last page this line number only) .....

23040944750

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 6 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)

BEAU BOULTER FOR CONGRESS #099350

Full Name, Mailing Address and ZIP Code	Purpose of Disbursement	Disbursement for:	Date (month, day, year)	Amount of Each Disbursement This Period
A. American Airlines Amarillo Inter. Airport Amarillo, Texas 79111	PAC trip to D.C. NRCC trip to D.C.	[ ] Primary [X] General [ ] Other (specify)	5-10-84 6-12-84	384.00 454.00
B. Tri-State Fairgrounds P. O. Box 31087 Amarillo, Texas 79120	Pat Boone Fundraiser	[ ] Primary [X] General [ ] Other (specify)	5-16-84 6-23-84	150.00 900.00
C. Beau Boulter 6304 Oakhurst Amarillo, Texas 79109	Reimburse Expenses in D.C.	[ ] Primary [X] General [ ] Other (specify)	5-21-84 6-15-84	100.00 100.00
D. Wayne Coombs 75 Malaga Cove Plaza Palos Verdes Estates, California 90274	Fundraiser Promotion	[ ] Primary [X] General [ ] Other (specify)	5-22-84 5-31-84	2,000.00 2,000.00
E. Cooga Mooga, Inc. 9255 Sunset Blvd, #519 Los Angeles, Calif. 90096	Pat Boone Fundraiser	[ ] Primary [X] General [ ] Other (specify)	6-23-84	4,000.00
F. Mike Placko Signs 21 Springlake Drive Wichita Falls, Texas 76303	Signs for W.F. Headquarters	[ ] Primary [X] General [ ] Other (specify)	5-24-84	250.00
G. First National Bank P. O. Box 1331 Amarillo, Texas 79181	Withheld Taxes	[X] Primary [X] General [ ] Other (specify)	6-05-84	827.13
H. Valu-Line of Amarillo P. O. Box 9677 Amarillo, Texas 79105-9990	Long Distance	[X] Primary [X] General [ ] Other (specify)	6-05-84	1,006.00
I. American Express 777 American Expressway Ft. Lauderdale, FL 33337	Sandler-Innocenzi Expenses in Amarillo	[X] Primary [ ] General [ ] Other (specify)	6-09-84	439.10

SUBTOTAL of Disbursements This Page (optional) 12,610.83

TOTAL This Period (last page this line number only) .....

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SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 7 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (in Full)
BEAU BOULTER FOR CONGRESS $099350

Full Name, Mailing Address and ZIP Code	Purpose of Disbursement / Disbursement for	Date (month, day, year)	Amount of Each Disbursement This Period
A. Barbara and Lanham Lyne 3915 Callfield Road Wichita Falls, Texas 76308	Reimbursement Expenses W.F. Headquarters Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-09-84	219.77
B. Panhandle Presort 1416 West 8th, Suite 113 Amarillo, Texas 79101	Stuffing & Mailing Pat Boone Invitations Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-12-84	700.00
C. Courtesy Sign Company 3101 S. Fillmore Amarillo, Texas 79110	Banner for Pat Boone Fundraiser Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-13-84	183.75
D. Rosemary Boulter 6304 Oakhurst Amarillo, Texas 79109	Reimbursement - Gas & Long Distance Expenses Disbursement for: [X] Primary [X] General [ ] Other (specify)	6-14-84	279.94
E. Amarillo Globe News 900 S. Harrison Amarillo, Texas 79101	Advertisement for Pat Boone Fundraiser Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-14-84 6-19-84	628.41 328.20
F. Robert A. Knight 6040 Belpree, #314B Amarillo, Texas 79106	Reimbursement-Airfare from D.C. to Amarillo Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-20-84	202.00
G. Billy's Band Air 150 Hamlet Shopping Center Amarillo, Texas 79107	Electronic Equipment-- Pat Boone Fundraiser Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-23-84	600.00
H. Ernie Houdashell 4207 I-40 East Amarillo, Texas 79104	Reimbursement - Food costs Pat Boone FR Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-28-84	709.63
I. Sheraton Hotel 3100 I-40 West Amarillo, Texas 79102	Reception Pat Boone Fundraiser Disbursement for: [ ] Primary [X] General [ ] Other (specify)	6-23-84	456.00

SUBTOTAL of Disbursements This Page (optional)	4,307.70
TOTAL This Period (last page this line number only)	

23040944752

SCHEDULE B — ITEMIZED DISBURSEMENTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 8 OF 8

FOR LINE NUMBER 17

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NAME OF COMMITTEE (In Full)

BEAU BOULTER FOR CONGRESS #099350

	Purpose of Disbursement	Date (month, day, year)	Amount of Each Disbursement This Period
A. Full Name, Mailing Address and ZIP Code Sandler-Innocenzi 1511 K, NW, Suite 1100 Washington, D.C. 20005	TV and Radio Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	6-06-84 6-14-84 6-21-84	590.78 1,500.00 2,500.00
B. Full Name, Mailing Address and ZIP Code Wayne Coombs 75 Malaga Cove Plaza Palos Verdes Estates, Calif. 90274	Fundraiser Promotion Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	6-18-84	840.00
C. Full Name, Mailing Address and ZIP Code Pond Printing 8711 Burnet Road, #90-H Austin, Texas 78758	Printing Disbursement for: ☒ Primary ☐ General ☐ Other (specify)	6-26-84	5,014.90
D. Full Name, Mailing Address and ZIP Code National Republican Congressional Committee 320 First Street, S.E. Washington, D.C. 20003	Purpose of Disbursement Disbursement for: ☐ Primary ☒ General ☐ Other (specify)	5-30-84	241.62
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify)	Date (month, day, year)	Amount of Each Disbursement This Period

SUBTOTAL of Disbursements This Page (optional)	10,687.30
TOTAL This Period (last page this line number only)	86,151.24

23040944753

SCHEDULE C
(Revised 3/80)

LOANS

Page 1 of 1 for
LINE NUMBER 11 (d)
(Use separate schedules for each numbered line)

Name of Committee (in Full)
BEAU BOULTER FOR CONGRESS #099350

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Beau Boulter 5304 Oakhurst Amarillo, Texas 79109 Election: ☐ Primary ☐ General ☐ Other (specify):	2,500.00	395.84	2,104.16

Terms: Date Incurred 4-18-82 Date Due None Interest Rate None %(apr) ☐ Secured NO

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

1. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
Election: ☐ Primary ☐ General ☐ Other (specify):			

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

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

1. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $
2. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $
3. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation Amount Guaranteed Outstanding: $

SUBTOTALS This Period This Page (optional)	
TOTALS This Period (last page in this line only)	2,104.16

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

23040944754

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Excluding Loans

Page 1 of 1 for
LINE NUMBER 10
(Use separate schedules for each numbered line)

Name of Committee (in Full) BEAU BOULTER FOR CONGRESS #099350	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 Houston Data Center 2900 Smith Street Houston, Texas 77006		7,834.35	3,000.00	4,834.35
Nature of Debt (Purpose): Computer Services				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Southern Political Consulting 6900 Fannin, Suite 622 Houston, Texas 77030	1,987.50	4,131.38	3,987.50	2,131.38
Nature of Debt (Purpose):				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional)				6,965.73
2) TOTAL This Period (last page this line only)				6,965.73
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				2,104.16
4) ADD 2) and 3) and carry forward to appropriate line of Summary Page (last page only)				9,069.89

23040944755

Beau Boulter

FOR U.S. SENATE

September 12, 1988

Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

ATTN: Sandra H. Robinson

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills, as
Treasurer

Dear Ms. Robinson:

As the only person from the 1984 campaign with any knowledge of the FEC reports still with Congressman Beau Boulter, I have been requested by Donald H. Wills, our present Treasurer, to gather the pertinent data in response to your letter dated September 2, 1988. All records pertinent to 1984 are in our Amarillo campaign office, which at present is staffed only by volunteers.

According to your "Factual and Legal Analysis", the Texas Republican Congressional Committee made, and the Beau Boulter for Congress Committee accepted, an illegal contribution, under 2 U.S.C. Sec. 411a (f), in the amount of $5,000 in 1984. This is understandable after reviewing our FEC Quarterly Report for the period 4-16-84 thru 6-30-84. There are several mistakes on that report, and an amended report for that period is enclosed with this response. Please understand that these errors were not made intentionally but were mainly due to the fact that we were trying so hard to comply with the law, being very new in politics, that we made mistakes. Hopefully the amended report will take care of them.

We were contacted by TRCC in June of 1984 re the status of our primary debt. When they were told that we had considerable, they sent us a contribution in the amount of $5,000 which was to be applied to the primary election cycle. The first mistake was in the Beau Boulter for Congress Committee reporting the contribution as a general election donation rather than a primary election donation, because the contribution was intended, and was used, to retire primary debt.

Paid for by Boulter for Senate Committee
P.O. Box 50908, Amarillo, Texas 79159

9304094447556

In order to accept this contribution, it was necessary for the Boulter Committee to have had sufficient debt, chargeable to the primary election, to justify doing so. This we had. As of the close of business on May 4, 1984, the committee had in its bank account the amount of $2,873.81. Some of the outstanding larger bills were as follows:

Houston Data Center:			
	3-31-84	$ 494.52	
	3-31-84	190.14	
	4-09-84	1,126.68	
	4-11-84	1,594.67	
	4-24-84	4,428.34	
	TOTAL		$ 7,834.35
Southern Political Consulting:			
	5-02-84	4,131.38	
	TOTAL		4,131.38 *
Pond Printing Company:			
	3-25-84	201.60	
	4-28-84	4,825.80	
	TOTAL		5,014.90 **

* (There was evidently another earlier bill from Southern Political Consulting since we paid them $1,987.50 on May 7, 1984.)

** (We had been asked to send this check by Federal Express, which charge of $12.50 was deducted from the total.)

TOTAL OF ABOVE THREE BILLS $16,980.63

Copies of these bills are enclosed with this response.

After paying Southern Political Consulting $1,987.50 on May 7, 1984, we had remaining in our primary account $886.31. This was quickly eaten up with utility bills, postage, gasoline, office supplies, etc. As contributions came in, we started retiring these outstanding bills as follows:

Southern Political Consulting:			
	5-15-84	$ 1,000.00	
	6-04-84	1,000.00	
	Leaving UNPAID on June 22, 1984		$ 2,131.38
Houston Data Center:			
	5-15-84	1,000.00	
	6-04-84	2,000.00	
	Leaving UNPAID on June 22, 1984		4,834.35
Pond Printing Company:			
		0.00	
	Leaving UNPAID on June 22, 1984		5,014.90

93040944757

Hopefully this will sufficiently document the status of our debt from the primary election cycle. (Please note that in the amended report for the period 4-16-84 thru 6-30-84, there is included a Schedule D, showing the balances still owing on these three outstanding invoices as of June 30, 1984.)

We also need to include in the primary debt (as a continuing obligation of the committee) the balance on the loan from the candidate, which was made on April 18, 1982. This balance of $2,104.16 is included on line 10 of the Summary Page of the Amended Report for the period 4-16-84 thru 6-30-84 as one of the debts owed by the committee.

We are confident that the enclosed materials substantiate the outstanding debt of the Beau Boulter for Congress campaign which permitted us to accept the $5,000 contribution of the Texas Republican Congressional Committee toward retirement of this primary debt.

Sincerely,

Joan Schilling

Joan Schilling
Congressman Beau Boulter
Staff

Enclosures

?30409447758

HOUSTON DATA CENTER, INC.

2900 SMITH STREET • HOUSTON, TEXAS 77006
522-9807

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE 430
HOUSTON, TX 77030

INVOICE 40425

DATE 04/24/84

ATTENTION SHIRLEY GOLDEN

TERMS DUE UPON RECEIPT

BOULTER CAMPAIGN	
VOTER HISTORY UPDATES - CTY 090 - 5420 X .03	162.60
- CTY 117 - 3226 X .03	96.78
UPDATE MASTER FILE 158,960 @ $1.00/M	158.96
MASTER FILE CONVERSION - 18 CTYS 210,683 @ $5.00/M	1,053.42
FILE MATCH - SELECT CERTAIN CTY/PCTS @ $1.00/M	210.68
LASER LETTER SETUP	50.00
LASER LETTERS (DUPLEX) 26,959 X 2 X .05¢ EA	2,695.90

We Thank You For Your Business

TOTAL $ 4,428.34

930409447559

HOUSTON DATA CENTER, INC.

2900 SMITH STREET • HOUSTON, TEXAS 77006
522-9807

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE 430
HOUSTON, TX 77030

INVOICE 40415

DATE 04/11/84

ATTENTION SHIRLEY GOLDEN

TERMS DUE UPON RECEIPT

BOULTER CAMPAIGN	
KEY ENTRY: COUNTY 188 16,050 COUNTY 191 19,373 35,423 @ $.03	1,062.69
UPDATE MASTER FILE 158,960 @ $1.00	158.69
SORT/HOUSEHOLD TARGETED VOTERS 35,233 @ $4.00	140.93
PRINT HOUSEHOLD WALK LIST 24,358 @ $8.00	194.86
2 PART PAPER	37.50

We Thank You For Your Business

TOTAL $ 1,594.67

9300409447760

HOUSTON DATA CENTER, INC.

2900 SMITH STREET • HOUSTON, TEXAS 77006
522-9807

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE 430
HOUSTON, TX 77030

INVOICE 40415

DATE 04/11/84

ATTENTION SHIRLEY GOLDEN

TERMS DUE UPON RECEIPT

BOULTER CAMPAIGN	
KEY ENTRY: COUNTY 188 16,050 COUNTY 191 19,373 35,423 @ $.03	1,062.69
UPDATE MASTER FILE 158,960 @ $1.00	158.69
SORT/HOUSEHOLD TARGETED VOTERS 35,233 @ $4.00	140.93
PRINT HOUSEHOLD WALK LIST 24,358 @ $8.00	194.86
2 PART PAPER	37.50
TOTAL	$ 1,394.67

We Thank You For Your Business

9300409447761

HOUSTON DATA CENTER, INC.

2606 SMITH STREET • HOUSTON, TEXAS 77006
XXX-XXXX

6801 PORTWEST DR., STE 170 / HOUSTON TX 77024
880-0042

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE. 430
HOUSTON, TEXAS 77030
ATTN: SHIRLEY GOLDEN

ATTENTION

INVOICE 32154

DATE 04/09/84

1

TERMS DUE UPON RECEIPT

BOULDER CAMPAIGN

ALPHA LIST FOR WICHITA CTY. 55313 @ $6/M	$331.88
MASTER FILE CONVERSION - 5 COUNTIES 158960 @ $5/M	$794.80

We Thank You For Your Business

TOTAL $ 1,126.68

930409447762

HOUSTON DATA CENTER, INC.

2900 SMITH STREET • HOUSTON, TEXAS 77006
522-9807

6801 PORTWEST DR., STE 170/ HOUSTON TX 77024
880-0042

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE. 430
HOUSTON, TEXAS 77030
ATTN; SHIRLEY GOLDEN

INVOICE 40335 A

DATE 03/31/84

ATTENTION

TERMS DUE UPON RECEIPT

03/30/84	DATA PROCESSING SERVICES - MARCH, 1984 BOULTER CAMPAIGN - 2 PANHANDLE COUNTIES VOTER TAKING LIST 38,027 @ $5.00/M	$190.14

We Thank You For Your Business

TOTAL $ $190.14

930409447763

HOUSTON DATA CENTER, INC.

2500 SMITH STREET / HOUSTON, TEXAS 77006

6801 PORTWEST DR., STE 170 / HOUSTON TX 77024
880-0042

SOUTHERN POLITICAL CONSULTING
6900 FANNIN, STE. 430
HOUSTON, TEXAS 77030
ATTN: SHIRLEY GOLDEN

INVOICE 40335

DATE 03/31/84

ATTENTION

TERMS DUE UPON RECEIPT

03/30/84	DATA PROCESSING SERVICES - MARCH, 1984	
03/30/84	BOULTER CAMPAIGN - 2 PANHANDLE COUNTIES	
03/30/84	VOTER TAKING LIST 38,027 @ $5.00/M	$190.14
03/30/84		
03/30/84	DE LAY CAMPAIGN	
03/30/84	CHESHIRE LABELS - HARRIS CTY (2 SETS)	
03/30/84	11,027 X 2 - 22,054 @ $7.00/M	$154.38
03/30/84	CHESHIRE LABELS - BRAZORIA 2,302 (MINIMUM)	$50.00
03/30/84	SELECT FAVORABLES (ALL COUNTIES) 36,349 MSTR	$50.00
03/30/84	CHESHIRE FOR 985 NAMES (MINIMUM)	$50.00

We Thank You For Your Business

TOTAL $ 494.52

23004094476

Southern Political Consulting

Beau Boulter
3416 E Olsen
Amarillo, Texas 79019

May 2, 1984

Invoice No. 5-123

RE: Services and Expenses Rendered for Congressional Candidacy in Texas

ACCT.		AMOUNT
601	Consulting Services April 1984	$ 3,000.00
602	Fundraising Fees $14,450 X .05	$ 722.50

ACCT.	PAYEE	AMOUNT
604	Postage	$ 2.34
	Xerox	$ 3.60
	Federal Express	$ 116.50
	Quip	$ 181.79
	Purolator	$ 31.20
	Trailways	$ 30.65
	Gateway Inn	$ 42.80
TOTAL AMOUNT DUE		$ 4,131.38

9304094447765

Paid

6900 FANNIN, SUITE 622 / HOUSTON, TEXAS 77030 / (713) 795-0263

Pond Printing Company

8711 Burnet Road
Bldg. H, Suite 90
Austin, Texas 78758

Invoice

EK
AM

No. 281

Date 3-25-84

Sold To Boulter US Congress
3416-E Olsen Blvd.
Amarillo, Texas 79109

Shipped to

Your Order No.	Our Order No.	Salesman	
Date Shipped	Shipped VIA	F.O.B.	Terms

Quantity Ordered	Quantity Shipped	Stock Number/Description	Price	Per	Amount
1,000		Business Cards (3 color)			72 00
1,000		Voting Records			120 00
			Tax		9 60
			Total		$ 201 60

Original / Invoice

The FIRST National Bank of Amarillo, Texas

BEAU BOULTER FOR CONGRESS
3416-E OLSEN BLVD. PH. 359-9403
AMARILLO, TEXAS 79109

404

DATE June 26 19 84

PAY TO THE ORDER OF Pond Printing Company $ 5,014.90

Five Thousand Fourteen and 90/100 DOLLARS

THIS CHECK IS IN FULL SETTLEMENT AS SHOWN HERE. ACCEPTANCE BY ENDORSEMENT CONSTITUTES RECEIPT IN FULL

Inv. 281 201.60
Inv. 331 4,825.80
5,027.40
- Mail Offset 12.50

BEAU BOULTER FOR CONGRESS

Joan Schilling

"00404" ⑆111300945⑆ "115 8570"

Pond Printing Company

8711 Burnet Road
Bldg. H, Suite 90
Austin, Texas 78758

Invoice

No. 331

Date 4/28/84

Sold To BOULTER FOR U.S. CONGRESS
3416-E OLSEN BLVD
AMARILLO, TEXAS 79109

Shipped to

Your Order No.	Our Order No.	Salesman	
Date Shipped	Shipped VIA	F.O.B.	Terms

Quantity Ordered	Quantity Shipped	Stock Number/Description	Price	Per	Amount
31,500		MAIL PACKS:			
		LETTERHEADS ENVELOPES (#6-3/4)			
		VOTING RECORDS REPLY CARDS			4,596.00
			TAX:		229.80
			TOTAL		$ 4,825.80

Original / Invoi

OGC # 404

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 SEP 19 AM 9:05

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

JAN W. BARAN
(202) 429-7330

September 16, 1988

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

Attn: Sandra M. Robinson

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 SEP 19 P 12:42

9304094447768

Dear Mr. Noble:

Enclosed please find the Designation of Counsel of the Texas Republican Congressional Committee ("the Committee") signed by Martha Weisend, as Treasurer, in Matter Under Review ("MUR") 2598. Henry Santamaria is no longer the treasurer of the Committee as evidenced by its Amended Statement of Organization received by the Federal Election Commission on August 26, 1988.

This MUR arises from an audit of the Committee's activities in the 1983/84 election cycle. Substantial documentation was provided by the Committee in its response to the Interim Audit Report in March 1987. The Commission has now, nearly 1 1/2 years later, issued numerous interrogatories and made numerous findings against the Committee, just weeks before the 1988 General Election. The Commission requests the Committee to respond to its findings and answer these interrogatories within 15 days. However, the Committee understandably is now focusing its entire attention on the election just 53 days away. The substantial research required to respond to the Commission's findings within 15 days is, therefore, not feasible.

Even if the election were not just seven weeks away, the Committee would be physically unable to respond to the interrogatories in the time requested. The Commission has sole possession of nearly 400 checks about which it is now asking questions. While the audit division has informed Huckaby and Associates that this documentation is available, the Committee requests confirmation that all necessary

documents will be made available to its representatives upon request.

Finally, the Committee's post-election report is due on December 8. This report will require substantial attention by the Committee. Thus, in order to enable the Committee to fully and fairly respond to this request, I respectfully request a three month extension of time to and including December 21, 1988. This extension will not in any way prejudice the resolution of this matter given the length of time it has thus far consumed.

Your favorable consideration of this request is appreciated.

Sincerely,

Jan W. Baran

JWB/slg
cc: Fred Meyer
Martha Weisend

23040944769

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2598

NAME OF COUNSEL: Jan W. Baran

ADDRESS: Wiley Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

TELEPHONE: (202) 429-7330

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.

Sept 14, 1988
Date

Martha B. Weisend
Signature

RESPONDENT'S NAME: Martha Weisend

ADDRESS: Texas Republican Congressional Committee
211 East 7th Street, Suite 620
Austin, Texas 78701

HOME PHONE:

BUSINESS PHONE: (512) 477-9821

2304094770

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
88 SEP 19 AM 4:49

RECEIVED
FEDERAL ELECTION COMMISSION
88 SEP 20 PM 12:02

DGC
419

Friends of Dick Armey
P.O. Box 85
Lewisville, Texas 75067
(Metro) 434-3588

September 13, 1988

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

RE: MUR 2598
Friends of Dick Armey
and Rick Woolfolk, as
treasurer

Dear Mr. Josefiak:

In response to your letter dated September 2, 1988, and in accordance with the Federal Election Campaign Act of 1971, Friends of Dick Armey would like to take this opportunity to demonstrate that no action should be taken against the committee and Rick Woolfolk as treasurer.

Documentation has been included to show:

1. that the committee had existing net primary debt of $15,500 in 1984, and,

2. that the committee did receive two separate contributions from the Texas Republican Congressional Committee for $2,500 on June 22, 1984 and again on July 26, 1984, and,

3. that these contributions were designated for the general election by the committee.

These contributions should have been designated for the existing 1984 net primary debt. However, the committee's bookkeeper inadvertently designated these contributions for the general election in completing the FEC report and this error was not recognized in the subsequent review.

Since the debt did exist (as documented) and the referenced contributions were used to retire this debt in accordance with the Act, the committee and Rick Woolfolk as treasurer believe that no action should be taken against the committee. Please allow this letter to serve as an amendment to appropriate reports designating the contributions of 6/22/84 and 7/26/84 for primary debt retirement.

2304094477 1

Paid for by Friends of Dick Armey

If you have any additional questions, or need additional information, please contact me, O.F. Henning, Jr., Assistant Treasurer Friends of Dick Arney at (214) 434-3588.

Sincerely,

O.F. Henning, Jr.
Assistant Treasurer
Friends of Dick Armey

enclosures

93040944772

REPORTS OF RECEIPTS AND DISBURSEMENTS
For Authorized Committee

(Summary Page)

ALIGN AREA | ALIGN AREA

1. Name of Committee (in Full): DICK ARMEY FOR CONGRESS

2. FEC Identification Number: C00172973

Address (Number and Street): 130 LEWISVILLE CENTER

3. Is this Report an Amendment? ☐ YES ☒ NO

City, State and Zip Code: LEWISVILLE, TX. 75067

☐ Check if address is different than previously reported.

4. TYPE OF REPORT

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

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

SUMMARY	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period JULY 1, 1984 through SEPT. 30, 1984		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (From Line 11 (e))	104,438.87	198,206.15
(b) Total Contribution Refunds (from Line 20 (d))		
(c) Net Contributions (other than loans) (subtract Line 6 (b) from 6 (a))	104,438.87	198,206.15
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	96,312.13	186,764.63
(b) Total Offsets to Operating Expenditures (from Line 14)		
(c) Net Operating Expenditures (Subtract Line 7 (b) from 7 (a))	96,312.13	186,764.63
8. Cash on Hand at Close of Reporting Period (from Line 27)	18,348.64	
9. Debts and Obligations Owed TO The Committee (Itemize all on Schedule C or Schedule D)	-0-	
10. Debts and Obligations Owed BY The Committee (Itemize all on Schedule C or Schedule D)	500.00	

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

For further information, contact:
Federal Election Commission
Toll Free 800 424-9530
Local 202-523-4068

Type or Print Name of Treasurer

SIGNATURE OF TREASURER

Date

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

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

FEC FORM 3 (3/80)

:93040944773

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

Committee (in Full)	Report Covering the Period:	
ICK ARMEY FOR CONGRESS	From: JULY 1, 1984	To: SEPT. 30, 1984

I. RECEIPTS	COLUMN A Total This Period	COLUMN B Calendar Year-to-Date	
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees	86,738.87	158,887.85	11 (a)
(Memo Entry Unitemized $ 23,125.63)			
(b) Political Party Committees	2,750.00	16,668.30	11 (b)
(c) Other Political Committees	14,950.00	23,650.00	11 (c)
(d) The Candidate			11 (d)
(e) TOTAL CONTRIBUTIONS (other than loans (add 11(a), 11(b), 11(c) and 11(d).	104,438.87	198,206.15	11 (e)
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES			12
13. LOANS:			
(a) Made or Guaranteed by the Candidate		15,000.00	13 (a)
(b) All Other Loans		500.00	13 (b)
(c) TOTAL LOANS (add 13 (a) and 13 (b))		15,500.00	13 (c)
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)			14
15. OTHER RECEIPTS (Dividends, Interest, etc.)			15
16. TOTAL RECEIPTS (add 11 (e), 12, 13 (c), 14 and 15)	104,438.87	213,706.15	16
II. DISBURSEMENTS			
17. OPERATING EXPENDITURES	96,312.13	186,764.63	17
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES			18
19. LOAN REPAYMENTS:			
(a) Of Loans Made or Guaranteed by the Candidate	15,000.00	15,000.00	19 (a)
(b) Of All Other Loans			19 (b)
(c) TOTAL LOAN REPAYMENTS (add 19 (a) and 19 (b))			19 (c)
20. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees			20 (a)
(b) Political Party Committees			20 (b)
(c) Other Political Committees			20 (c)
(d) TOTAL CONTRIBUTION REFUNDS (add 20 (a), 20 (b), and 20 (c))			20 (d)
21. OTHER DISBURSEMENTS			21
22. TOTAL DISBURSEMENTS (add 17, 18, 19 (c), 20 (d) and 21)	111,312.13	201,764.63	22

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD (AS AMENDED)	$ 25,221.90	23
24. TOTAL RECEIPTS THIS PERIOD (From Line 16)	$ 104,438.87	24
SUBTOTAL (Add Line 23 and Line 24)	$ 129,66077	25
TOTAL DISBURSEMENTS THIS PERIOD (From Line 22)	$ 111,312.13	26
ASH ON HAND AT CLOSE OF THE REPORTING PERIOD (Subtract Line 26 from 25)	$ 18,348.64	27

93040974

SCHEDULE A

ITEMIZED RECEIPTS

Page 1 of 1 for LINE NUMBER 11(a)
(Use separate schedule(s) for each category of the Detailed Summary Page)

(CONTRIBUTIONS FROM POLITICAL PARTY COMMITTEES)

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

Name of Committee (in Full)
DICK ARMEY FOR CONGRESS

A. Full Name, Mailing Address and ZIP Code TEXAS REP. CONGRESSIONAL COM. P.O. BOX 855 AUSTIN Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$ 5,000	Date (month, day, year) 7/26/84	Amount of Each Receipt this Period 2,500.00
B. Full Name, Mailing Address and ZIP Code DENTON COUNTY REPUBLICAN COM. 401 W. UNIVERSITY DENTON, TX. 76201 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$ 250	Date (month, day, year)	Amount of Each Receipt This Period $250
C. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			2,750

93040944775

SCHEDULE A — ITEMIZED RECEIPTS

Page 1 of 1 for LINE NUMBER 11(b)
(Use separate schedule(s) for each category of the Detailed Summary Page)

(CONTRIBUTIONS FROM POLITICAL PARTY COMMITTEES)

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

Name of Committee (in Full)
DICK ARMEY FOR CONGRESS

	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
A. Full Name, Mailing Address and ZIP Code NAT'L REPUBLICAN CONGRESSIONAL COMM 320 First St., N.W. Washington, DC. 20003 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Pol. Org. Occupation Aggregate Year-to-Date—$ 4263.20	5/1/84	$255.00
B. Full Name, Mailing Address and ZIP Code NAT'L REPUBLICAN CONGRESSIONAL COMM 320 1st St SE Room 307 Annex Washington DC 20003 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$ 1,663.30	Date (month, day, year) 6/29/84	Amount of Each Receipt This Period 1663.30
C. Full Name, Mailing Address and ZIP Code REPUBLICAN NATIONAL COMMITTEE<br~~3~~ 310 First St., N.E. Washington, DC. 20003 Receipt For: ☐ Primary ■ General ☐ Other (specify):	Name of Employer Pol. Org. Occupation Aggregate Year-to-Date—$ 4,500	Date (month, day, year) 6/4/84	Amount of Each Receipt This Period 4,500
D. Full Name, Mailing Address and ZIP Code TEXAS REPUBLICAN CONGRESSIONAL COMM PO BOX 855 AUSTIN TX 78767 Receipt For: ☐ Primary ■ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year) 6/22/84	Amount of Each Receipt This Period 2,500
E. Full Name, Mailing Address and ZIP Code METROPOLITAN REP. WOMEN'S CLUB Jane Dennett (N) 292-7039 Receipt For: ☐ Primary ☒ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$ 1,000	Date (month, day, year) 6/27/84	Amount of Each Receipt This Period 1,000
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date—$	Date (month, day, year)	Amount of Each Receipt This Period
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			9918.30

23040944776

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 SEP 30 AM 9:58

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

September 30, 1988

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 2598
Request for Extension of Time

By letter dated September 16, 1988, counsel for the Texas Republican Congressional Committee and Martha Weisend, as treasurer, requested an extension of ninety (90) days, until December 21, 1988, in which to respond to Commission findings, interrogatories and request for production of documents. Attachment I. The letter explains that an extension is necessary because of the numerous findings and discovery requests received at a time when Respondents are actively involved in current general election activities, as well as preparing to file a disclosure report with the Commission. Counsel also noted that certain documents required to respond to the Commission's requests are located in the Audit Division and will be made available to Respondents.

The Office of the General Counsel recommends that the Commission deny in part the requested extension, and grant a sixty (60) day extension until November 21, 1988. Respondents are represented by counsel who also represented them during the audit process, therefore, he is familiar with the circumstances involved in the present matter.

Staff from this Office has consulted with the Audit Division regarding counsel's request for confirmation that documents requested from the Audit Division will be made available for their review. Attachment I(1). The Audit Division responded to a request via telephone from a representative of Huckaby and Associates, the consulting firm also assisting Respondents in

2304094477

this matter, to provide access to the check copies.[1] At that time it was agreed that representatives could come to the Commission's offices to review the documents at their convenience. To date, Huckaby and Associates have not contacted the Audit Division to schedule such a review. The attached proposed letter includes confirmation of the availability of the check copies. It is noted that Huckaby and Associates assisted Respondents with their response to the audit that resulted in this matter, and therefore, is familiar with the issues involved. Huckaby and Associates is located in Alexandria, Virginia, a vicinity close to the Commission's offices.[2] Therefore, this Office recommends that an extension of two months is a reasonable period for Respondents to prepare a response in this matter.

In addition to requesting an extension of time to respond, counsel noted that the treasurer of the Texas Republican Congressional Committee was changed on August 26, 1988. Henry Santamaria was replaced as treasurer by Martha Weisend. Attachment II. Commission policy is to name the current treasurer of a political committee as a respondent in Matters Under Review, even if such treasurer was not in office at the time the alleged violation(s) occurred. Because the Commission was notified of this change prior to its reason to believe findings, this Office recommends that the Commission take no further action and close the file in this matter as it pertains to Henry Santamaria, as treasurer of the Texas Republican Congressional Committee. This Office also recommends that the Commission find reason to believe Martha Weisend, as treasurer of the Texas Republican Congressional Committee, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a), and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a).[3] See MUR 2598 Certification, Attachment III. This procedure is consistent with that followed in similar circumstances found in MUR 2309. See MUR 2309 - General Counsel's Report, signed September 25, 1987.

9304094477 78

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1. In response to the Interim Audit Report Respondents had provided copies of hundreds of checks to assist in documenting their financial transactions.
2. It is further noted that J. Stanley Huckaby, apparently a principal at Huckaby and Associates, is the treasurer of the campaign committee for Presidential candidate, George Bush.
3. A Factual and Legal Analysis is not required in this situation, as it is apparent that Ms. Weisend has received such notification. The Designation of Counsel Form is signed by Ms. Weisend and counsel's response treats her as a respondent.

RECOMMENDATIONS

1. Deny the Texas Republican Congressional Committee and Martha Weisend the requested extension of ninety (90) days and approve an extension of sixty (60) days.

2. Take no further action against Henry Santamaria, as treasurer of the Texas Republican Congressional Committee, and close the file as it pertains to him.

3. Find reason to believe Martha Weisend, as treasurer of the Texas Republican Congressional Committee, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a).

4. Approve the attached letter.

Attachments
1. Request for Extension
2. Amended Statement of Organization
3. MUR 2598 Certification
4. Letter

Staff person: Sandra H. Robinson

2304094477 79

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 4, 1988, the Commission decided by a vote of 6-0 to take the following actions in MUR 2598:

1. Deny the Texas Republican Congressional Committee and Martha Weisend the requested extension of ninety (90) days and approve an extension of sixty (60) days, as recommended in the General Counsel's memorandum report dated September 30, 1988.

2. Take no further action against Henry Santamaria, as treasurer of the Texas Republican Congressional Committee, and close the file as it pertains to him.

3. Find reason to believe Martha Weisend, as treasurer of the Texas Republican Congressional Committee, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a).

(Continued)

9304094447 80

4. Approve the letter, as recommended in the General Counsel's memorandum report to the Commission dated September 30, 1988.

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

Attest:

Oct. 4, 1988
Date

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

Received in the Office of Commission Secretary: Fri., 9-30-88, 9:58
Circulated on 48 hour tally basis: Fri., 9-30-88, 12:00
Deadline for vote: Tues., 10-04-88, 4:00

2304094447811

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 6, 1988

Jan W. Baran, Esq.
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican
Congressional Committee
and Martha Weisend, as
treasurer

Dear Mr. Baran:

This is in response to your letter dated September 16, 1988, requesting an extension until December 21, 1988, to respond to Commission findings, interrogatories and request for production of documents.

Considering the Federal Election Commission's responsibilities to act expeditiously in the conduct of investigations, the Commission cannot grant your full request, but can only agree to a sixty (60) day extension. Accordingly, the response is due by close of business on November 21, 1988.

Based on the amendment of the Statement of Organization by the Texas Republican Congressional Committee ("the Committee"), wherein the treasurer was changed prior to the Commission's initial findings in this matter, the Commission determined on October 4, 1988, to take no further action against Henry Santamaria, as treasurer of the Committee, and closed the file as it pertained to him. On that same date the Commission found reason to believe Martha Weisend, as treasurer of the Committee, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a).

9304094447782

In response to your request for confirmation that the check copies currently in the Commission's possession will be made available for review, the Audit Division has informed a representative from Huckaby and Associates that such a review can be scheduled at their convenience. Arrangements should be made with staff of the Audit Division for such purposes.

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

Sincerely,

Thomas J. Josefiak
Chairman

23040944783

OGC #714

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 OCT 21 AM 10:57

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

TELECOPIER
(202) 429-7049
TELEX 248349 WYRN UR

October 19, 1988

Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Sandra M. Robinson

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 OCT 21 PM 1:05

9304094447834

Dear Mr. Noble:

I am in receipt of Chairman Thomas J. Josefiak's letter of October 6, 1988 informing me that the Federal Election Commission ("FEC" or "Commission") has granted the Texas Republican Congressional Committee and Martha Weisend, as treasurer ("Respondents") a sixty day extension to respond to the Commission's interrogatories and requests for production of documents in MUR 2598.

On September 16, 1988 Respondents requested a ninety day extension of time in which to respond to these interrogatories and requests for production of documents based on numerous grounds which remain relevant. The Texas Republican Congressional Committee has been and still is focusing its entire attention on the upcoming election on November 8, 1988, just twenty-one days away. The Commission is now asking Respondents to respond to its interrogatories and request for documents on November 21, 1988, thirteen days after that election. A response in that short period of time is not feasible.

Furthermore, while Chairman Josefiak confirmed that check copies in the sole possession of the Commission will be made available for review, this confirmation came only forty-five days prior to the due date in this matter. The Commission can not reasonably expect that Respondents will be able to obtain responses and compile information from the over 400 persons whom they must contact in order to comply with the Commission's interrogatories.

An additional factor which has come to our attention is that Fred Meyer, Chairman of the Republican Party of Texas, will be out of the country from November 11 to November 25, 1988. Since we will be unable to confer with our client during this period we will not be able to file a response to the interrogatories and requests for documents on November 21, 1988.

Thus, Respondents respectfully request an additional thirty days to and including December 21, 1988 in order to respond to this request. While I recognize the Commission's responsibility to expeditiously conduct investigations, this extension will not in any way prejudice the resolution of this matter, but rather will enhance respondent's ability to comply with the Commission's request.

Your favorable consideration of this request is appreciated.

Sincerely,

Jan W. Baran

JWB/slg
cc: Fred Meyer
Martha Weisend

23040944785

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

88 OCT 28 AM 11:21

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

EXECUTIVE SESSION

NOV 15 1988

October 28, 1988

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 2598
Request for Extension of Time

By letter dated October 29, 1988, counsel for the Texas Republican Congressional Committee and Martha Weisend, as treasurer, (Respondents) requested an extension of an additional thirty (30) days in which to respond to Commission findings, interrogatories and request for production of documents. Attachment I. On October 4, 1988, the Commission approved an extension of sixty (60) days for Respondents to submit such a response. Consideration was given, at that time, to the amount of information requested from Respondents and to other activities that they may be involved at this time of the year. Counsel, in his current request, has restated those concerns, and he has stated that the chairman of the state party will not be available for consultation about this matter from November 11 through November 25, 1988, because he will be out of the country during that time.

Respondents were notified by letter dated September 2, 1988, of the Commission's findings and discovery requests in this matter. Staff of this Office has been informed by the Audit Division that the consulting firm and a representative from the law firm assisting Respondents in this matter have begun to obtain copies of relevant documents currently in the possession of the Audit Division, to assist with preparing a response. Respondents have had sufficient time to begin to prepare their response in this matter. In addition, as noted above, Respondents have been granted an extension of sixty days to respond, thus their response is due in this Office by the close of business on November 21, 1988. The Office of the General Counsel recommends that the Commission deny the request for an additional extension for the reasons discussed above.

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RECOMMENDATIONS

1. Deny Texas Republican Congressional Committee and Martha Weisend, as treasurer, the requested extension of an additional thirty (30) days.

2. Approve the attached letter.

Attachments
1. Request for Extension
2. Letter

Staff Person: Sandra H. Robinson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN
COMMISSION SECRETARY

DATE: NOVEMBER 2, 1988

SUBJECT: OBJECTIONS TO MUR 2598 - General Counsel's Memorandum to the Commission dated October 28, 1988

The above-captioned document was circulated to the Commission on Friday, October 28, 1988 at 2:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

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

This matter will be placed on the meeting agenda for November 15, 1988.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend as Treasurer	)	MUR 2598

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of November 15, 1988, do hereby certify that the Commission decided by a vote of 6-0 to reject the recommendation in the General Counsel's October 28, 1988, report on MUR 2598, and instead grant Texas Repbulican Congressional Committee and Martha Weisend, as treasurer, the requested extension of an additional thirty (30) days in which to respond to Commission findings, interrogatories and request for production of documents.

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

Attest:

11-11-88
Date

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 21, 1988

Jan W. Baran, Esq.
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican
Congressional
Committee and
Martha Weisend,
as treasurer

Dear Mr. Baran:

This is in response to your letter dated October 19, 1988, which we received on October 21, 1988, requesting an additional extension of 30 days to respond to Commission findings, interrogatories and request for production of documents. After considering the circumstances presented in your letter, the Federal Election Commission has granted the requested extension. Accordingly, your response is due by the close of business on December 21, 1988.

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

Sincerely,

Lawrence M. Noble
General Counsel

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OGC 1432

WILEY, REIN & FIELDING

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December 21, 1988

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Sandra Robinson

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 DEC 21 PM 4:46

Re: MUR 2598

Dear Mr. Noble:

This Response is submitted on behalf of the Texas Republican Congressional Committee (the "TRCC"), in reply to the interrogatories and request for documents issued by the Federal Election Commission (the "Commission") to the TRCC on September 2, 1988.

Enclosed are the sworn answers to these interrogatories and requests, along with their corresponding Exhibits.

Sincerely,

Jan Baran /cal

Jan W. Baran

Carol A. Laham

Carol A. Laham

Counsel to the Texas Republican Congressional Committee

Enclosure
cc: Fred Meyer

JWB/CAL:co

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RESPONSE OF THE TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE TO THE INTERROGATORIES OF THE FEDERAL ELECTION COMMISSION IN MUR 2598

QUESTION 1.

On August 14, 1984, the Texas Republican Congressional Committee ("the Committee") participated in a joint fundraising activity with the Harris County Victory Fund entitled, "Victory '84 James Baker Reception and Luncheon." Identify the fundraising representative for this activity. Provide a copy of the following documents connected with this fundraising activity:

a. fundraising agreement
b. contribution records
c. Schedules A that itemize the contributions
d. If any or all such documents cannot be provided, explain in detail the reasons why it cannot be provided.

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RESPONSE

A fundraising event was held on August 14, 1984 by the Texas Republican Congressional Committee ("TRCC", "the Party", or "the Committee"). All of the contributions and expenditures for this event were handled by the Texas Republican Congressional Committee. While it may have been contemplated that Harris County Victory Fund ("Harris County") would receive a portion of the proceeds from this event, no fundraising agreement was required between these two parties. Under the Act and regulations, the TRCC could voluntarily hold a fundraiser from which it would split the proceeds with a county committee. First, a State party committee may make unlimited transfers to "any subordinate party committee . . whether or not such committees are

affiliated." 11 C.F.R. § 102.6(a)(1)(ii). Second, 11 C.F.R. § 102.17(c)(7)(ii) explicitly states that "if participants are party committees of the same political party, expenses need not be allocated among those participants."

Here, the TRCC and Harris County were both party committees under the Act. As such, the TRCC was permitted to make unlimited transfers to Harris County. Five such transfers were made to Harris County after this fundraising event featuring James Baker.

Thus, the documents requested by the Commission in connection with this event do not and need not separately exist. Since both committees involved in this event were party committees, no fundraising agreement was required, nor did the TRCC need to keep separate contribution records. Rather, the TRCC was required by the Act only to report contributions made in connection with this event as contributions to the TRCC. The TRCC did not, as asserted by the Commission, have to report contributions as representing joint fundraising proceeds. Thereafter, the TRCC was permitted to make unlimited transfers of its funds to Harris County without that Party Committee being required to identify any contributions. Harris County's only reporting obligation with respect to this event was to report transfers from the TRCC on line 12 of its FEC Reports.[1] Harris County

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[1] Since this event took place in 1994, the TRCC is not (continued...)

did in fact report five such transfers on June 19, 1984 for $2000; July 11 for $10,000, September 1 for $30,000, September 10 for $30,000, and September 25 for $45,000.

QUESTION 2.

Attached is a list of contributions received by the Committee which appear to have been earmarked for specific candidates or candidates' committees, as indicated. See Attachment 1. For each contribution listed, provide the following information:

a. State whether the contribution was earmarked. If the contribution was not considered earmarked, explain in detail how that determination was made.

b. State whether each earmarked contribution was transferred to the designated candidate or committee. State the date(s) of each transfer. If the contribution was not transferred, explain the circumstances.

c. State how the Committee reported each of these contributions to the Commission.

d. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

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RESPONSE

The Commission has attached 9 pages of checks which it claims appear to be earmarked to specific candidates or committees, as indicated, rather than to the TRCC. Of those checks only 33 indicated a payee other than the TRCC. The remaining 109 checks identified the TRCC as the payee.

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[1](...continued)
under any obligation to retain documents pertaining to that event. The Act requires only that treasurers of political committees retain documents for a period of three years. See 2 U.S.C. § 432(d).

Regardless of who the payee was, however, the Party believes that none of these contributions were meant to be earmarked. Determinations on contributions were made in accordance with the fundraising done by the Party. Each of its fundraising mailings attached a response device and envelope which the contributor was to use when making a contribution to the TRCC. Thus, if a check was mailed to the TRCC in response to one of its fundraising mailings, the TRCC deposited that money in its federal account. It was the TRCC's belief that no matter to whom the check was issued, which as seen above was almost universally to the TRCC, it was meant by the contributor as a contribution to the TRCC.[2] Affidavit of Keith Davis in MUR 2598 (hereinafter "Davis Aff.") at ¶ 5 (Attachment 1). By the same token, if money was not received in connection with a solicitation made by the Party, but rather was clearly meant for an individual candidate based on a different response device, that money was forwarded to that candidate. Id.

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[2] This practice by the TRCC is consistent with that adopted by the Commission with respect to 11 C.F.R. § 110.1(b)(4). The Explanation and Justification for this section states that "the contributor would be able to effectuate a designation by returning a preprinted form supplied by the soliciting committee that clearly states the election to which the contribution will be applied, provided that the contributor signs the form, and sends it to the committee together with the contribution." 1 Fed. Election Camp. Fin. Guide (CCH) ¶ 864 (1987). Here, by sending a contribution to the TRCC with an attached response device, the TRCC was able to establish that the contribution was directed to the TRCC.

Since the TRCC was the intended recipient of each contribution, it reported each contribution to the TRCC in accordance with the requirements of the Act. See, e.g., 2 U.S.C. § 434.

QUESTION 3

Attached is a list of apparent earmarked contributions received by the Committee which appear to have been signed by a person other than the account holder. See Attachment 2. In addition to the information requested at question #2 above, state whether each contribution was reported as received by the account holder or the signatory. Describe the method used for making this determination. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

In reviewing at random the checks listed on Attachment 2, which the Commission states are apparently earmarked, the Committee found that these checks were not in fact earmarked but rather issued to the Texas Republican Congressional Committee or Victory '84, both federal accounts of the Texas Republican Party.[3] Thus, since none of the earmarking information requested at question 2 is applicable to these checks, the only remaining question with respect to these

[3] Some checks were also issued to the Texas Reagan Committee, previously established by the Audit Division to be a special project of the TRCC. All contributions to the Texas Reagan Committee were also deposited into the TRCC's federal account.

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checks is whether they were reported as received by the account holder or the signatory.

As previously indicated by the Committee, much of the initial data entry for these contributions was performed by Karl Rove and Company. Davis Aff. at ¶ 4. (See explanation provided by the Committee at pp. 4-6 of the Committee's Response to the Interim Report of the Audit Division) While the Committee assumes this data entry was done in accordance with FEC requirements, the Committee cannot attest to the means used by Karl Rove for determining by whom the contribution should be attributed. The Committee believes that Karl Rove and Company used the source documents to make this determination. If data entry was done by the RPT directly, it was done by reviewing the check for the account holder and contributions were reported as such. Id.

In amending the FEC reports, the Consultants to the Committee reported the contributions as being from the account holder. If there was some doubt as to the identity of the contributor, phone calls were generally made to determine the appropriate person to whom to attribute a contribution. Id. at ¶ 2.

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QUESTION 4.

In response to the Interim Audit Report the Committee stated that it conducted volunteer activities on behalf of the following candidates for federal office: Earl Jeffrey Wentworth, Joseph Peyton Wyatt, Jr., Phil Gramm (1983 special election for the House of Representatives and 1984 general

election for the Senate). For <u>each</u> activity provide the following information.

a. Describe the activity and the date(s) of operation.

b. Provide a copy of all campaign materials produced in connection with the activity. If a copy is not available, state the reasons why a copy is not available, and describe the content of such material.

c. If the activity included a mailing(s), state the date(s) of each mailing.

d. State the original source of the list of names used in each mailing.

e. State the number of volunteers who assisted in the activity and whether the volunteers were paid. If so, state the purpose and amount of each payment. Describe the specific duties/tasks performed and the average time expended by the volunteers in connection with this activity.

f. State whether a commercial vendor assisted with the activity. If yes, identify the vendor(s) and describe the services provided. State the amount paid to each vendor and the date of each payment.

g. Provide copies of all contracts, vouchers, receipts, invoices, and other documentation related to the business transactions with each vendor.

h. State whether the funds used to pay for the activity were designated for specific candidates and if so, identify each candidate.

i. State whether the Committee received funds from the Republican National Committee ("RNC"), the National Republican Congressional Committee ("NRCC"), or the National Republican Senatorial Committee ("NRSC") in connection with the activity. State whether these committees disbursed funds directly to the vendor(s) in connection with the activity.

j. State whether the Committee assigned its coordinated party expenditure limitation allowed under 2 U.S.C. § 441a(d) for each of the above candidates to the NRCC or the NRSC. Provide a copy of the written designation.

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k. If any or all such information and documents requested above cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

Earl Jeffrey Wentworth & Joseph Peyton Wyatt, Jr.

At the time of its Response to the Interim Audit Report, the Committee noted that payments totaling $5,630.77 on behalf of two Federal candidates were, to its knowledge, made in connection with volunteer activities and thus exempt from the definition of contribution under 2 U.S.C. § 431(8)(B)(x). See Maxwell Affidavit at Exhibit 2 of the March 9, 1987 Response to Interim Report of the Audit Division (hereinafter "Maxwell Aff.") at ¶¶ 24-25.

Upon further examination, however, the facts of this matter indicate that the payments by the TRCC to Karl Rove and Company for pieces produced on behalf of Jeffrey Wentworth and Joseph Wyatt do not constitute expenditures by the TRCC because the TRCC had received money from both Wentworth and Wyatt to pay for these expenses billed to these two candidates through the TRCC by Karl Rove and Company. The TRCC was acting as nothing more than a conduit or agent for payment in these circumstances. It received a payment from Wyatt in the amount of $2,000 which it in turn paid to Rove on January 11, 1983 for work done on behalf of Wyatt. It also received a payment from Wentworth in the amount of $3,630.77 which was paid to Praxis List (a Karl Rove vendor)

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on February 9, 1984 for work done for Wentworth. Each of these transactions has been reported on the Committees' amended reports. These payments were not contributions to these campaigns, nor were they "coordinated expenditures" pursuant to section 441a(d).

There appear to be no other records available other than what has already been turned over to the Audit Division with regard to these activities including what the precise activity was and its date, copies of campaign materials which may have been produced by Karl Rove and contracts, vouchers, receipts, invoices, or other documentation. Davis Aff. at ¶¶ 7,8.

Since the funds used to pay Karl Rove and Company, and its subcontractor Praxis List, actually came from Wentworth and Wyatt they obviously were not designated by the TRCC as being for specific candidates. Further, the Committee did not receive funds from the RNC, NRCC or NRSC for this activity, nor did the RNC, NRCC or NRSC disburse funds directly to Karl Rove for this activity. The Committee assumes that its coordinated party expenditure limitations were assigned to the NRCC, but notes that whether or not these limits were assigned has no bearing on the transaction in question. The party has not located copies of any written designations with respect to these candidates.

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Phil Gramm, 1983 Special Election

The 1983 Special Election for the House of Representatives in Texas arose upon the resignation of Phil Gramm from his House Seat as a Democrat. This resignation was submitted on January 6, 1983 and the special election took place on February 12. Thus, it is reasonable to assume that any activity which took place in connection with that election occurred within this time frame.

Understandably, several years later when the Commission audited the Republican Party of Texas there were few, if any, individuals knowledgeable about the precise activity undertaken by the Party on behalf of Phil Gramm for this 1983 Special Election. John Maxwell previously attested that "[t]o the best of my knowledge, information and belief, the Committee organized a volunteer effort, including a mass mailing of campaign materials, in support of Phil Gramm's 1983 Special Election Congressional Candidacy." Maxwell Aff. at ¶ 26.

The Party is unable to produce copies of campaign materials used in connection with this activity because it has not been able to locate any such materials. Both the Party's files and the files of Karl Rove and Company have been searched for this documentation. Davis Aff. at ¶¶ 7,8. As the Commission is aware, Karl Rove was the primary vendor used by the Republican Party of Texas to produce its mail copy. Praxis List is a subsidiary of Karl Rove. Further,

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according to the materials already compiled by the Commission, checks were apparently issued to Quick Print and CSI, which the Commission has attributed to the Phil Gramm 1983 special election. The Commission was provided with and has had access to all documentation which exist relevant to this matter. No other materials which related to Phil Gramm in the relevant time frame have been found. Id.

While the Committee has no new documents which satisfy the Commission's request, the Committee has repeatedly stated that "[a]s a matter of established practice and policy, the Committee did not use commercial lists for any volunteer mass mailings." Maxwell Aff. at ¶ 13. The Committee assumes that this policy was applied to all mailings made on behalf of Phil Gramm for the 1983 Special Election.

Furthermore, the funds used to pay for these activities were not designated for specific candidates, nor did the Committee receive funds from either the RNC or the NRCC in connection with the activity. In addition, those committees did not disburse funds directly to the vendors in connection with these activities.

The Committee acknowledges in this instance the difficulty which arises out of the fact that there are no Committee personnel from this period of 1983 currently involved with the State Party. Further, the Committee consultants have researched all Committee and Karl Rove files

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in an effort to obtain the documentation sought by the Commission. None were found. Davis Aff. at ¶¶ 7,8.

Nonetheless, the Committee is aware that it had a coordinated expenditure limit of $19,570 available to it in connection with the 1983 special election which it did not use. The expenses incurred in connection with the volunteer activity, $14,912.12, fall far below the Committee's coordinated expenditure limit. It is not imperative, therefore, that the Committee establish that this particular activity was exempt volunteer activity, although the Committee maintains that it was.[4] Rather, the Committee is willing, as suggested by the Commission, to assign these expenditures to the category of coordinated party expenditures and amend its reports accordingly.

Phil Gramm - 1984 General Election for Senate

The Commission has identified three expenditures totaling $36,535.45 which it alleges were made on behalf of Phil Gramm in connection with the 1984 U.S. Senate race in Texas. As an initial matter, the Committee would like to point out that the Commission has documentation for one of these three expenditures, check number 2099 in the amount of $7,616.04, which establishes without doubt that this

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[4] Any time the Committee uses the term volunteer, it means unpaid volunteer. Moreover, as a rule volunteers were responsible for tasks such as picking up, unpacking, labeling, sorting, packaging, and delivering the volunteer mailings to the post office.

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expenditure was made in connection with the Committee's 1984 get-out-the-vote and voter registration activities. Attached at Exhibit 12 of the Committee's March 9, 1987 Response to the Interim Report of the Audit Division is production piece #1374 and expenditures made in connection with that piece. One of the expenditures was for $7,616.04 issued on check number 2099. The Commission is in possession of the invoice which shows that the expenditure was for the piece produced at Exhibit 12. The piece does not mention Phil Gramm.[5]

With respect to the remaining two expenditures identified in the audit as allegedly being made on behalf of Phil Gramm, the Commission has already been informed that "[t]he Committee's payment of $37 to Thomas Meginnis that is cited in Attachment 6 of the Audit Report was to Meginnis in his capacity as Election Administrator of Williamson County, Texas for the purchase of a list of registered Democrat voters in selected precincts in Williamson County." Maxwell Aff. at ¶ 14. Copies of the invoice and receipt for that list were also attached to that Affidavit. The remaining expenditure to Karl Rove and Company was apparently for the costs of printing an exempt volunteer mailing. See Attachment 7, p. 8.

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[5] Thus, the Commission is questioning the same expenditure in connection with this Phil Gramm activity and in connection with get-out-the-vote activity.

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The Committee has no further documentation, including the actual campaign materials produced in connection with this activity, contracts, vouchers, receipts or invoices. The Committee has previously produced all such materials, either in the course of the audit, or in connection with its Response to the Interim Report of the Audit Division. Davis Aff. at ¶ 7. Again, however, the list used for the Party's mailings were its own, Maxwell Aff. at ¶ 13, or as demonstrated in this case, a publicly available voter registration list.

Furthermore, as in the case of Wentworth, Wyatt, and Gramm in the 1983 Special Election, the Party received no funds from the RNC, NRSC, or NRCC for the purpose of conducting volunteer activities nor did these committees disburse funds directly to the vendor in connection with these activities. In addition, the funds used to pay for these activities were not designated for specific candidates. The Party did, however, assign its coordinated expenditure limit available to it pursuant to 2 U.S.C. § 441a(d) to the National Republican Senatorial Committee. A copy of this designation can be found at Attachment 2.

Finally, it is important to underscore that the basis for the Commission's belief that the mailing at issue was in support of Phil Gramm's 1984 Senate candidacy was the memo entry on the check which apparently read "Gramm favorables". However, as discussed below, the Party was running an

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extensive volunteer phone bank with the purpose of identifying "Gramm favorables". Exempt mailings were then sent to those individuals identified as "Gramm favorables".

QUESTION 5.

Attached is a list of apparent corporate contributions received by the Committee. See Attachment 3.

a. State whether the Committee determined the legality of each contribution. If yes, state the method used and the date(s) such determination was made.

b. If the Committee did not determine the legality of a contribution listed, state the reason(s) why such determination was not made.

c. State whether the Committee has transferred any of the contributions listed on Attachment 3 from its federal account(s) to its nonfederal account(s). Identify each contribution so transferred, the date of each transfer and the reason(s) for such transfer.

d. If any or all such information requested above cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

The Committee, in good faith, attempted to determine the legality of these contributions. Due to the incredible quantity of checks, literally thousands, received by the Committee, this determination was generally made from the face of the checks. Checks received which were readily identifiable as being from corporations by a "Co." or "Inc." designation were returned to the contributor. Davis Aff. at ¶ 6. However, as evidenced by the Attachment to these interrogatories, a select number (a maximum of 37 out of

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thousands examined by the Commission and 189 presented in the Attachment to this interrogatory) of corporate checks did get through this screening.

One such contribution, the check received by Franklin Sylvester and Co. found at #47 of Attachment 3 to these interrogatories, was transferred to a nonfederal account. This transfer was previously identified as having taken place in a May 1, 1987 letter from Huckaby and Associates to Stephen Stanford of the Audit Division. Item 1 of that letter states that a $2,000 transfer was made "to the Republican Party of Texas - Corporate Account" which "represents the contribution from the Franklin Sylvester Company." See Attachment 3.

QUESTION 6.

In a memorandum dated April 3, 1987, the Committee, via its consultants, provided information about certain apparent excessive contributions it had received from individual contributors.

a. State whether the Committee had completed the transfer of the excessive amounts from its federal to its nonfederal accounts. State the date and amount of each transfer.

b. The audit identified contributions from John F. Eulich totaling $10,000, however, information about this contributor was not provided in the Committee's response. State the reason(s) for this omission, and the circumstances and status of these contributions.

c. In the Committee's response a total of $10,000 contributed by Bob Eckels was listed to be transferred. State the reason(s) for this transfer and the date of the transfer.

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d. The Committee identified contributions from four additional persons that needed to be transferred. State the reason(s) for determining that such transfers were necessary and the date of each transfer. The persons and amounts identified were: Mary C. Crowley - $100, Julie Jones Matthews - $5,000, Peter O'Donnell - $2,500, and Edith J. O'Donnell - $2,500.

e. If any or all such information requested above cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

a. The April 3, 1987 letter referred to in this question was followed by a May 1, 1987 letter to Stephen Stanford of the Audit Division which confirmed that the transfers to the non-federal and corporate accounts of the Texas Republican Party had been completed with check copies verifying those transfers. See Attachment 3. This letter states explicitly that "[o]riginal memo and check copies verifying that the Texas Republican Congressional Committee has transferred $2,000 to the Republican Party of Texas Corporate Account and $58,900 to the Texas Republican Campaign Committee. . . . the $58,900 represents the amount from possible excessive donors." Moreover, attached to that letter is a memorandum from the Republican Party of Texas itemizing the dates of the transfers.

b. A letter was sent to Mr. and Mrs. John F. Eulich on May 13, 1986 asking that they complete an attached allocation form to verify that the contribution was meant to be from

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both Mr. and Mrs. Eulich. See Attachment 4. The Committee apparently received no response to its letter (and through an oversight no follow up letter was sent to the Eulichs). However, under 11 C.F.R. § 104.7, which requires either a written request or an oral request in writing to obtain requisite information, the Committee's letter to the Eulich's requesting this information constitutes best efforts. Thus, there is no change in status to this contribution and it remains as a $5,000 contribution from both Mr. and Mrs. Eulich.

c. Mr. Eckels was also sent a letter regarding the allocation of his contribution. See Attachment 5. In response to this letter Mr. Eckels called Jane Matheson, the Executive Director of the Texas Republican Party at the time and informed her that he had intended to make his contribution to the state account of the Texas Republican Party. Davis Aff. at ¶ 3. The entire amount of this contribution was transferred to the Texas Republican Campaign Committee.

d. In reviewing the contribution checks obtained from the bank, and in filing amendments to its reports, the Committee determined that each of these contributors had made excessive contributions. Attachment 6 consists of the pages from the Committee's amended reports for each of these contributors which explicitly show that excessive contributions were apparently received and that the Committee

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intended to and did transfer the portion of the contributions in excess of the legal limits into the Texas Republican Party's non-federal account.

QUESTION 7.

In 1984, expenses connected with the "Victory Fund Budget," which totaled approximately $80,000, were absorbed by the Committee's nonfederal account. State the purpose of the "Victory Fund Budget" and describe the activities funded by this budget. State the reason(s) for absorbing these expenses into the nonfederal account. If any or all such information cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

The Victory Fund Budget is synonymous with the Victory '84 program run by the TRCC in 1984. This program has been described in detail by Linden Heck, Executive Director of Reagan-Bush '84 in Texas during the 1984 election cycle, and by John Maxwell, Executive Director of the Republican Party of Texas from August 1983 through February 28, 1985 in their Affidavits found at Attachments 8 and 2 of the March 9, 1987 Response to the Interim Report of the Audit Division (hereafter "Heck Aff." and "Maxwell Aff.").

As a preliminary matter, the Commission has apparently arrived at this $80,000 figure based on Attachment 8 of the Interim Report of the Audit Division on the Texas Republican Congressional Committee. That memorandum does not establish that $80,000 in expenses were absorbed by the non-federal

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account. It suggests that the non-federal account may undertake to pay between $65,000 and $80,000 in expenses. This figure was clearly an estimate.

As Linden Heck stated "the Victory '84 program was a Committee project to raise and spend money in support of those volunteer voter registration and get-out-the-vote activities which state and local party committees may lawfully conduct on behalf of their party's Presidential, Vice Presidential and Federal candidates. . . . The first priority of the volunteers was to man the party phone banks. The volunteer phone centers were essential to Victory '84's success. . . . Each day phone calls were made by volunteers who recorded the responses on individual cards which were then sent to the computer firm hired by the State Party to incorporate those names onto the voter name file owned by the Republican Party of Texas. . . . fundraising, voter registration and get-out-the-vote letters were then prepared by Karl Rove and Company for mailing to the individuals on that list. . . . These envelopes were forwarded to the phone centers where they were addressed and/or stamped by volunteers and returned to Karl Rove and Company or Victory '84 headquarters for mailing. . . . Funds were raised for Victory '84 through several methods: volunteer mass mailings, efforts of the Victory '84 finance committee, and a dinner attended by the President in Houston on October 2, 1984. . . .

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All profits from this Dinner were used to finance the Committee's exempt volunteer activities, such as voter identification and get-out-the-vote activities in support of the 1984 Republican Presidential ticket." Heck Aff. at ¶ 3 et seq.

John Maxwell explains in detail that "the 'final month's employment costs' discussed in paragraph 2 of that memorandum (Audit Report Attachment 8) as those which would be absorbed by the Committee's non-federal account were for individuals who had completed their work on behalf of Victory '84 and were to be engaged solely in activities relating to state and local elections. . . . The ballot security payments discussed in the memorandum set forth at Attachment 8 of the Audit Report benefitted all Texas Republican candidates, whether they were federal, state or local office seekers. . . . At the time of the memorandum set forth at Attachment 8 to the Audit Report the Committee's federal accounts had been paying all ballot security expenses incurred on behalf of Texas Republican candidates. . . . Because the benefits of these payments were ballot-wide, and the Committee's federal accounts had been making all such payments, the decision was made that the Committee's federal accounts had thus paid for more than its proportionate share of such expenses. . . . Accordingly, the decision was made that the Committee's Operating Account would pay all ballot security expenses

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incurred during the last month of the 1984 election cycle." Maxwell Aff. at ¶¶ 19-23.

In reviewing the actual payment of salaries of those individuals specifically mentioned in the Maxwell memorandum, the Party has been able to establish that these individuals had been paid $55,929 from the Party's federal account through the end of October and were later paid $16,112 from the Party's non-federal account for their services. This breaks down into an allocation of 77.6% from the federal account versus 22.4% from the non-federal account. This allocation is completely acceptable since the Commission has previously acknowledged that an allocation of one-third from the federal account versus two-thirds from the non-federal account is permissible. Thus, even if we were to assume that the non-federal account paid $80,000, the federal account would still have overpaid its share of the expenses.

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QUESTION 8.

During the 1984 election cycle, the Committee conducted get-out-the-vote ("GOVT") and voter registration activities on behalf of the Republican presidential and vice-presidential candidates. Specifically, the Committee conducted certain mailing and operated telephone banks for the benefit of these candidates. For each activity provide the following information:

a. Provide a copy of each item mailed. If a copy is not available, state the reasons why a copy is not available, and describe the content of each item. Identify all the candidates for federal office mentioned in each mailing and the manner and context in which they all were mentioned. If any or all such information and documents cannot be

provided, explain in detail the reasons why it cannot be provided, and describe the content of each item.

b. State the date(s) of each mailing.

c. State the original source of the list of names used in each mailing.

d. State whether a commercial vendor assisted with each activity. If yes, identify the vendor(s) and describe the services provided. State the amount paid to each vendor and the date of each payment.

e. Provide copies of all contracts, vouchers, receipts, invoices, and other documentation related to the business transactions with each vendor identified in subsection (d), above.

f. State whether the funds used to pay for each activity were designated for specific candidates and if so, identify each candidate and the amount designated.

g. State whether the Committee received funds from the RNC, the NRCC, or the NRSC, in connection with the activity. State whether these committees disbursed funds directly to the vendor(s) in connection with the activity.

h. Provide a copy of each script used in the telephone bank(s). If a copy is not available, state the reasons why a copy is not available and describe the contents of the telephone scripts. Identify all the candidates for federal office mentioned in each telephone script and the manner and context in which they were mentioned.

i. State whether the volunteers used in the activity were paid. If so, state the purpose and amount of each payment.

j. State whether professionals were used to design the telephone bank system, develop the instructions, and train supervisors for the telephone bank activity. If yes, state the number of professionals used and the services provided by each. State the amount paid to each professional and the date of each payment.

2304094481 4

k. State whether the RNC authorized the Committee to make expenditures on behalf of the 1984 presidential candidate pursuant to Section 441a(d) of the Federal Election Campaign Act of 1971, as amended. If yes, provide a copy of the written authorization.

l. If any or all such information and documents requested above cannot be provided, explain in detail the reasons why it cannot be provided.

RESPONSE

A complete description of the Victory '84 get-out-the-vote and voter registration activities has been provided to the Commission in the TRCC's Interim Response at pp. 13-15. Exhibit 9 to that Response contains examples of materials used to recruit individuals to volunteer their time to assist in these get-out-the-vote and voter registration materials. The volunteers used in these activities were precisely that, volunteers. Exhibit 10 to the Response contains sample telephone scripts used in volunteer phone centers in addition to directions to the volunteers for keeping records of their calls, and a general overview of the program. Exhibit 11 to the Response contains a report memorializing the magnitude of the volunteer effort at one site out of 52 volunteer sites. Exhibit 12 to the Response contains various get-out-the-vote and voter registration pieces which were part of the volunteer effort coordinated by the Texas Republican Party.

As stated in the Heck Aff. at ¶ 10, "[e]ach day phone calls were made by volunteers who recorded the responses on

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individual cards which were then sent to the computer firm hired by the State party to incorporate those names onto the voter name file owned by the Republican Party of Texas." Two issues are resolved by this affidavit: First, the volunteers were not paid; Second, the source of the list seems quite obvious, it resulted from the phone banks. In addition, as stated in the Maxwell Aff. at ¶ 13 "[a]s a matter of established practice and policy, the Committee did not use commercial lists for any volunteer mass mailings." Rather, mailings were obtained as stated above or from voter registration lists. The materials, contained in Exhibit 9, 10, 11 and 12 are the only materials in the files of the TRCC, with the exception of Attachment 7 to this Response, responsive to this request. See Davis Aff. at ¶¶ 7,8. The Party cannot describe the content of any other items which may have been sent by the Party with any specificity simply because it does not have copies of those materials, and has not been able to obtain copies of those materials. Id. Furthermore, because the Party has produced all documents in its possession with respect to the get-out-the-vote and voter registration volunteer efforts it cannot identify the date of each mailing. The materials clearly indicate that Karl Rove and Company was the vendor used to print the exempt get-out-the-vote materials.

Professionals were apparently used to design the telephone bank system as is permissible under 11 C.F.R.

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§ 100.7(b)(17)(v) which states specifically that "[t]he use of paid professionals to design the phone bank system, develop calling instructions and train supervisors is permissible." Attachment 8, obtained from Nancy Brataas, is the Final Report on these volunteer phone banks. The records show that Market Opinion Research was apparently paid on three occasions in 1984 for consulting on scripts and telephone bank charges. Payments were made on August 5, 1984 for $70,000, September 17 for $64,500 and September 19 for $9,500. In 1985, payments were made on March 12 for $2,000, May 30 for $5,000, September 10 for $20,000, November 7 for $5,000, December 4 for $1,500, and December 31 for $5,000. A final payment was made on March 11, 1986 in the amount of $47,800.28. In addition, Nancy Brataas of Nancy Brataas Associates, a division of Market Opinion Research, was paid $95,580 on July 13, 1984 apparently for consulting services for the phone banks.

As for transfers from the RNC to the State Party, to the Party's knowledge, no transfers were made in connection with this activity nor did the RNC, NRSC, or NRCC disburse funds directly to any vendor in connection with this activity. Any transfers received from any Party Committees were not in connection with exempt volunteer activities. Furthermore, the RNC did not authorize the Committee to make expenditures on behalf of the 1984 presidential candidate pursuant to Section 441a(d) of the Act.

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QUESTION 9.

On June 22, 1984, the Committee contributed $5,000 to the campaign of Beau Boulter and $2,500 to the campaign of Dick Armey, both candidates for the U.S. House of Representative. On July 26, 1984, the Committee contributed an additional $2,500 to Armey's campaign. The Committee designated these contributions for the primary election, which was held on May 5, 1984, in the State of Texas. For each of the contributions, provide the following information and documents:

a. A copy of a writing that designated the contribution for the primary election.

b. State whether the Committee determined whether the above recipient committees had net debts outstanding at the time the above contributions were made. If yes, describe the method used by the Committee to make such a determination.

c. If any or all such information and documents cannot be provided, explain in detail the reasons why it cannot be provided.

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RESPONSE

As stated in the Response to Interim Report of the Audit Division on the Texas Republican Congressional Committee ("Interim Response"), the TRCC unfortunately retained no copies of the letters which designated the contributions to Beau Boulter and Dick Armey. However, as stated in the Affidavit of Kevin Moomaw at ¶ 3 and 4, found at Exhibit 17 to the Interim Response, "[e]ither I or my assistant contacted by telephone each of the campaign committees identified . . . [and] verified that they had a primary election debt, and advised them of the contribution they

would be receiving and the election for which it should be designated before such contribution checks were signed. Letters were then written to each committee forwarding the contribution check and designating which election to which the contribution should be designated."

Both campaigns, therefore, to the TRCC's knowledge had campaign debts at the time of the contributions. Further, since that time, the Committee, through its consultants, has been informed that Beau Boulter has demonstrated that his committee did in fact have primary debt as of the time of the contribution and was permitted to receive contributions toward primary debt retirement. Davis Aff. at ¶ 9.

The above statements are true to the best of my knowledge, information and belief.

Keith A. Davis

Keith Davis

Signed and sworn to before me
this 21 day of December, 1988.

Kathleen A. Monson

Notary Public

My Commission Expires: 8-31-92

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ATTACHMENT 1

9304094448320

BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington)
) MUR 2598
District of Columbia)

AFFIDAVIT OF KEITH DAVIS

KEITH DAVIS, being first duly sworn deposes and says:

1. I am Keith Davis, an employee of Huckaby & Associates, an accounting firm. In 1985 Huckaby & Associates was retained to assist the Republican Party of Texas ("RPT" or "Party") and its federal committee, the Texas Republican Congressional Committee ("TRCC" or "Committee"), in responding to an audit of the committee's accounts by the Federal Election Commission (the "FEC" or the "Commission"). Subsequently I was assigned to be the lead accountant for Huckaby & Associates in that project.

2. Part of my responsibilities as the lead accountant for this project was the oversight of amending the TRCC's Federal Election Commission reports. In order to do so, and in order to comply with requests from the FEC's Audit Division, we obtained from TRCC's depository bank copies of each contribution check over $50.00. I and a staff of individuals examined each check for reporting purposes. As a rule, contributions were reported as being from the account holder. If there was some doubt as to the identity of a contributor, I or a member of my staff, would try to determine, through phone calls, the appropriate person to whom to attribute a contribution.

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3. In cases in which it appeared that a contributor had exceeded his or her legal limit under the Act, contributions were transferred to the Republican Party of Texas ("RPT") State Account or corporate account. This resulted in transfers of contributions from Mary C. Crowley, Julie Jones Matthews, Peter O'Donnell, and Edith J. O'Donnell. Additionally, if checks were written on joint accounts, contributors were asked to designate contributions as being from both spouses rather than the spouse who signed the check. Such a request resulted in a $10,000 contribution from Bob Eckels being transferred from the Party's federal account to its state account because Mr. Eckels informed Jane Matheson, the Executive Director of the Party at the time that he intended the contribution to be made to the state account.

4. Initial data entry was performed primarily by Karl Rove and Company. Data entry done by the Party itself was apparently performed by reviewing the check to determine who the account holder was, and were reported as such.

5. As lead accountant for the Republican Party of Texas, I have spoken to many of the principals of the Party with respect to the activities undertaken by the Party with respect to the 1984 election. I have learned that if a contribution was mailed to the Party in response to one of its fundraising solicitations, the contribution was deposited into the Party's federal account, the TRCC. If the

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contribution contained a different response device, it was forwarded to the individual for whom it was apparently meant.

6. I have also learned that the Party did attempt to determine the legality of each of the contributions to the Party. If corporate checks were received, as indicated by a "Co." or Inc." designation, the Party would return the check to the contributor. Apparently, however, because an extraordinary number of checks were received each day, there were a de minimis number of checks which were undetected and were not so returned.

7. In conducting work on behalf of the RPT, I personally went through all the files of Karl Rove and Company with respect to this matter. In general, the files were devoid of materials. However, any and all materials relating to this matter have been turned over to the Audit Division pursuant to the Audit in this matter. Materials produced for the Audit Division included whatever was available in Karl Rove's files including copies of campaign materials produced by Karl Rove and contracts, vouchers, receipts, invoices, and other documentation.

8. In addition, in conducting work on behalf of the RPT, I personally went to the warehouse where the RPT kept its files and rummaged through all of the Party's files with respect to this matter. Again, any and all documentation relevant to the Audit and to this matter was available to and has been turned over to the Audit Division. Materials

9304094482 3

produced for the Audit Division included whatever was available in the Party's files including copies of campaign materials produced by Karl Rove and contracts, vouchers, receipts, invoices, and other documentation.

9. I am also familiar with the fact that the TRCC made a contribution to Beau Boulter for primary debt retirement. I have been contacted by Beau Boulter's committee since receiving notification of this MUR. The Boulter Committee assured me that it had primary debt at the time of the Party's contribution and has informed me that it has so notified the Committee.

The above statements are true to the best of my knowledge, information, and belief.

Keith A. Davis
Keith Davis

Signed and sworn to before me
this 21 day of December, 1988.

Kathleen A. Mo
Notary Public

My Commission expires: 8.31.92

2304094448324

ATTACHMENT 2

9304094448825

By this agreement, George W. Strake, Jr.
authorizes the National Republican Senatorial Committee
to serve as the agent of the Republican Party of Texas
for the purpose of making 100% of the expenditures allowed
under 2 U.S.C. 44a (d) (3) in the state of Texas
for the 1984 election for United States Senate.

George W. Strake, Jr.
State Chairman

Jan 14, 1983
Date

93040944826

ATTACHMENT 3

9304094448827

HUCKABY AND ASSOCIATES
Political Financial Consulting

May 1, 1987

Mr. Stephen Sanford
Federal Election Commission-Audit Division
999 E Street NW, 7th Floor
Washington, DC 20463

Dear Mr. Sanford:

As you requested, enclosed are the original bank statements and accompanying deposit slips and cancelled checks for the Victory '84 account of the Texas Republican Congressional Committee for the time period April 1984 through January 1985. These items had been available for your review during the course of the audit in September and October of 1985.

In addition, as part of the requested supplement for the Texas Republican Congressional Committee's response to the F.E.C.'s Interim Audit Report, enclosed please find the following:

1. Original memo and check copies verifying that the Texas Republican Congressional Committee has transferred $ 2,000 to the Republican Party of Texas-Corporate Account and $ 58,900 to the Texas Republican Campaign Committee. The $ 2,000 transfer represents the contribution from the Franklin, Sylvester Company, and the $ 58,900 represents the amount from possible excessive donors.

2. Check copies indicating that the Gerald R. Ford New Leadership Committee has refunded $ 5,000 to the Texas Republican Campaign Committee, and that the $ 5,000 has been issued from the Texas Republican Congressional Committee.

3. Original memo from Marilla B. Wood at Texas Commerce Bank in Austin regarding the request of Jane Matheson at the Texas Republican Congressional Committee for copies of contributor checks in excess of $50 deposited into the main federal account between January 1, 1983 and December 31, 1984.

4. Copies of memos from Jane Matheson to Texas Commerce Bank requesting copies of contributor checks in an amount greater than $50 deposited into the Victory '84 account between September 6, 1984 and December 31, 1984.

9304094488228

228 SOUTH WASHINGTON STREET, SUITE 201, ALEXANDRIA, VIRGINIA 22314 (703) 549-7705

Please do not hesitate to contact me if you have any further questions.

Sincerely:

Stan Huckaby

SH/kd
encls.

cc: John Weaver
Jan W. Baran
Sherrie M. Cooksey

9304094482 9

State Executive Committee

REPUBLICAN PARTY OF TEXAS

April 9, 1987

MEMORANDUM

TO: Keith Davis
Foundation for Election Law Education

FROM: Mike Davis
Comptroller

RE: Transfers of Funds from the Texas Republican Congressional Committee

---

As of today, transfers totaling $58,900 have been made from the Texas Republican Congressional Committee to the Texas Republican Campaign Committee, and totaling $2,000 from the Texas Republican Congressional Committee to the Republican Party of Texas-Corporate Account. The details of each transfer, the first of which was made on March 18, 1987, are outlined below:

TO:	DATE	AMOUNT
Texas Republican Campaign Committee	3/18/87	$35,000
	4/9/87	23,900
TOTAL:		$58,900
Republican Party of Texas - Corporate Account	4/9/87	$ 2,000
TOTAL:		$ 2,000

Copies of each of these transfers are enclosed.

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TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE

5297

OUR REF. NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
FEC2C			2000.00	2000.00	0.00	2000.00

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
P. O. BOX 255 PH. 512-477-9821
AUSTIN, TEXAS 78767

TEXAS COMMERCE BANK-AUSTIN
AUSTIN, TEXAS 78789
88-2117/1149

5297

CHECK DATE	CONTROL NO.	CHECK AMOUNT
04/09/87	005297	********2000.00

PAY Two Thousand and 00/100 Dollars

TO THE ORDER OF

REC [illegible] TX DEMOCRATIC ACCT
[illegible] ACCOUNT [illegible] 0040
P. O. BOX 255
AUSTIN, TX 78767

M.K: [illegible]
John Weaver

⑈00005297⑈ ⑆114921672⑆ 1682 1268⑈

930409 4832

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE

5298

OUR REF.NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT
FEC2B			23900.00	23900.00	0.00	23900.

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
P. O. BOX 855 PH. 512-477-9821
AUSTIN, TEXAS 78767

TEXAS COMMERCE BANK-AUSTIN
AUSTIN, TEXAS 78789
68-2117/1149

5298

CHECK DATE	CONTROL NO.	CHECK AMOUNT
04/09/87	005298	*******23900.00

PAY Twenty-Three Thousand Nine Hundred and 00/100 dollars

TO THE ORDER OF
TX REPUBLIC CAMPAIGN COMMITTEE
CHECKING A/C # 1682 3346
P. O. BOX 855
AUSTIN, TX 78767

Ch. K. Reilly
John Weaver

⑈00005298⑈ ⑆114921172⑆ 1682 3346⑈

Transfer pin: FEC Audit

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
P. O. BOX 855 PH. 512-477-8821
AUSTIN, TEXAS 78767

TEXAS COMMERCE BANK-AUSTIN
AUSTIN, TEXAS 78789
88-2117/1149

5265

CHECK DATE	CONTROL NO.	CHECK AMOUNT
03/18/87	005265	$*******35000.00

PAY Thirty-Five Thousand and 00/100 dollars

TO THE ORDER OF
TX REPUBLIC CAMPAIGN COMMITTEE
CHECKING A/C # 1682 3346
P. O. BOX 855
AUSTIN, TX 78767

M.K. Milby
John Weaver

⑈00005265⑈ ⑆114921172⑆ 1682 3346⑈

930409433

THE GERALD R. FORD
NEW LEADERSHIP COMMITTEE

1432

16-66/1220

MARCH 7, 19 87

PAY TO THE ORDER OF TEXAS REPUBLICAN CAMPAIGN COMMITTEE $**5,000.00**

FIVE THOUSAND DOLLARS AND NO/100

BANK OF AMERICA
PALM SPRINGS PRIVATE BANKING OFFICE 1114
1111 TAHQUITZ-MCCALLUM WAY, SUITE A203
P. O. BOX 2252
PALM SPRINGS, CA 92262

Sharyn J. Sheldon

"001432" :122000661: 11143-00116"

930409448834

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
P. O. BOX 855 PH. 512-477-9821
AUSTIN, TEXAS 78767

AUSTIN, TEXAS 78789
88-2117/1149

5237

CHECK DATE	CONTROL NO.	CHECK AMOUNT
02/24/87		$ 5,000.00

PAY Five thousand and 00/100 dollars

TO THE ORDER OF
The Gerald R. Ford New Leadership Committee
40365 Sand Dune Road
Rancho Mirage, CA 92270

R. K. Richey
John Weaver

⑈00005237⑈ ⑆114921172⑆ 1682 4518⑈

930409448375

TEXAS COMMERCE BANK AUSTIN
NATIONAL ASSOCIATION

MARILLA B. WOOD
Vice President
Community Affairs Officer

700 Lavaca
P.O. Box 550
Austin, Texas 78789
512 476-6611

MEMO

Marilla B. Wood

TO: FEC
FROM: Marilla B. Wood
DATE: April 7, 1987
RE: Photocopies of checks for Republican Party of Texas

On December 15, 1986, I received a letter from Jane Matheson, Executive Director of the Republican Party of Texas, confirming her request for copies of all checks greater than $50.00 which were deposited into account #1682 4318, styled Texas Republican Congressional Committee, between January 1, 1983 and December 31, 1984.

I sent a memo to our Customer Service Department, outlining the request. The photocopies were made and delivered to the Republican Party of Texas.

I have attached copies of both Ms. Matheson's letter and my memo. If you have any questions, please do not hesitate to call me at 512/476-6611, extension 2326.

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Texas Commerce Bank
Austin

State Executive Committee

REPUBLICAN PARTY OF TEXAS

December 15, 1986

Ms. Marilla Wood
Texas Commerce Bank
P.O. Box 550
Austin, Texas 78789

Dear Marilla:

This will confirm my request for copies of all checks in an amount greater than $50.00 which were deposited into account 1682-4318 Texas Republican Congressional Committee, between January 1, 1983 to December 31, 1984.

Thanks for the assistance.

Sincerely,

Jane

Jane A. Matheson
Executive Director

JAM:sn

P30409448837

1300 Guadalupe, Suite 205 • Austin, Texas 78701 • (512) 477-9821

Prepared and paid for by State Executive Committee, Republican Party of Texas

MEMO

TO: Customer Service

FROM: Marilla B. Wood MBW

DATE: Tuesday, December 16, 1986

RE: Producing copies of checks deposited to an account of The Republican Party of Texas for two years

Account #1682 4318

Dates: January 1, 1983 through December 31, 1984

The Republican Party has requested copies of all checks of $50.01 and more which were deposited to this account.

They understand that this process will take several weeks, but they would like to have some work completed by January 5, 1987, with which their staff can begin to work with the FEC.

If you have any questions, please call me at Ext. 2326. This request was made by phone; a written request follows.

9304094448838

Texas Republican
Congressional Committee

Senator Phil Gramm Congressman Dick Armey Congressman Joe Barton Congressman Larry Combest Congressman Jack Fields Congressman Mac Sweeney
Congressman Bill Archer Congressman Steve Bartlett Congressman Beau Boulter Congressman Tom DeLay Congressman Tom Loeffler

MEMORANDUM

TO: MARRITA WOODS
TEXAS COMMERCE BANK

FROM: JANE MATHESON, EXECUTIVE DIRECTOR
REPUBLICAN PARTY OF TEXAS

DATE: NOVEMBER 20, 1985

SUBJ: ACCOUNT # 155-62050 (Victory '84)

This memo confirms my telephone request for copies of all checks in an amount greater than $ 50.00 which were deposited into Texas Commerce Bank account # 155-62050 , between the dates of October 1 and December 31, 1984. Thank you for your assistance.

9304094448339

1300 Guadalupe • Austin, Texas 78701

Texas Republi[redacted]
Congressional Committee

Senator Phil Gramm Congressman Dick Armey Congressman Joe Barton Congressman Larry Combest Congressman Jack Fields Congressman Mac Sweeney
Congressman Bill Archer Congressman Steve Bartlett Congressman Beau Boulter Congressman Tom DeLay Congressman Tom Luelfber

MEMORANDUM

TO: MARRILA WOODS
TEXAS COMMERCE BANK

FROM: JANE MATHESON, EXECUTIVE DIRECTOR
REPUBLICAN PARTY OF TEXAS

DATE: OCTOBER 10, 1985

SUBJ: ACCOUNT # 155-62050 (VICTORY '84)

This memo confirms my telephone request for copies of all checks in an amount greater than $ 50.00 which were deposited into Texas Commerce Bank account # 155-62050 , between the dates of September 6 and September 30, 1984. Thank you for your assistance.

9304094840

1300 Guadalupe • Austin, Texas 78701

ATTACHMENT 4

9304094448841

State Executive Committee

REPUBLICAN PARTY OF TEXAS

May 13, 1986

Mr. and Mrs. John F. Eulich
3704 Lexington
Dallas, TX 75205

Dear Mr. and Mrs. Eulich:

During 1984, you contributed generously to Victory '84, a volunteer project of the Republican Party of Texas on behalf of President Reagan's re-election and all Texas Republican candidates.

We have now been notified by the Federal Election Commission that we do not possess all the written documentation necessary for the allocations that we made of your contributions to Victory '84.

Therefore, we are asking that you each sign the attached form, verifying the allocations that we made, and return it to us in the enclosed envelope as soon as possible.

Thank you for your assistance in this important matter. If you have any questions, please do not hesitate to contact Keith Davis, the representative from our C.P.A. firm, at (512) 477-9821.

Sincerely:

Michael A. Davis

Michael A. Davis
Assistant Treasurer

MAD/kd
encls.

930409448842

1300 Guadalupe, Suite 205 • Austin, Texas 78701 • (512) 477-9821

Prepared and paid for by State Executive Committee, Republican Party of Texas

State Executive Committee

REPUBLICAN PARTY OF TEXAS

Mr. and Mrs. John F. Eulich
3704 Lexington
Dallas, TX 75205

TO WHOM IT MAY CONCERN:

We hereby certify that the following allocations of our contributions to Victory '84 and the Texas Republican Congressional Committee are correct, and were made in accordance with our wishes:

$ 5,000.00	Mr. John F. Eulich
$ 5,000.00	Mrs. John F. Eulich

SIGNED: _____

(Mr. John F. Eulich)

SIGNED: _____

(Mrs. John F. Eulich)

93040944343

ATTACHMENT 5

9304094448444

State Executive Committee
REPUBLICAN PARTY OF TEXAS

January 19, 1987

The Hon. and Mrs. Bob Eckels
16330 Clay Road
Houston, TX 77084

Dear Mr. and Mrs. Eckels:

During 1984, you made generous contributions to Victory '84, a volunteer organization established by the Texas Republican Congressional Committee to work to elect Republican candidates to federal offices, in the form of a check dated September 25, 1984 for $ 10,000 signed by Mr. Bill Cox.

In order to confirm that this contribution was a personal donation from each of you, we are asking that you sign the attached form, and return it to us in the enclosed envelope as soon as possible. This will enable us to satisfy the documentation requirements of the Federal Election Commission.

Thank you for your assistance, and for your prompt attention to this matter. If you have any questions, please do not hesitate to contact me at (512) 477-9821 at the Republican Party of Texas headquarters in Austin.

Sincerely:

Jane A. Matheson

Jane A. Matheson
Executive Director
Republican Party of Texas

JAM/kd
encls.

9304094845

The Hon. and Mrs. Bob Eckels
16330 Clay Road
Houston, TX 77084

We hereby confirm that contributions dated September 25, 1984 in the amount of $ 10,000 to Victory '84 and the Texas Republican Congressional Committee represent a donation from each of us, and are to be divided evenly between each spouse.

_____

(Signed: Mr. Bob Eckels)

_____

Signed: Mrs. Bob Eckels)

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ATTACHMENT 6

9304094483847

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

NAME OF COMMITTEE (in Full)
TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Ralph S. O'Connor 800 San Jacinto Building Houston, TX 77002	Highland Resources Inc.	8/24/84	$ 500.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: President Aggregate Year-to-Date > $ 500.00		
B. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Mary Ellen O'Connor P.O. Box 1398 Victoria, TX 77902	self employed	9/17/84	$1,000.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: Oil, Gas, Ranching, Banking Aggregate Year-to-Date > $ 1,000.00		
C. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Dennis O'Connor 400 Victoria Bank & Trust Building Victoria, TX 77901	self employed	9/17/84	$3,000.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: ranching, oil and gas Aggregate Year-to-Date > $ 3,000.00		
D. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Peter O'Donnell, Jr. 4929 Senaca Dallas, TX 75209	self employed	8/14/84 9/18/84	$2,500.00 5,000.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: private investor Aggregate Year-to-Date > $* 7,500.00		
E. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Mrs. Edith Jones O'Donnell 4929 Senaca Dallas, TX 75209	self employed	8/14/84 9/18/84	$2,500.00 5,000.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: private investor Aggregate Year-to-Date > $* 7,500.00		
F. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Joseph I. O'Neill, III 410 West Ohio Midland, TX 79701	O'Neill Properties, Ltd.	9/10/84	$ 250.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: oil & gas producer Aggregate Year-to-Date > $ 250.00		
G. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Julian W. Oates 425 Austin Avenue Waco, TX 76701	Schneider, Bernet	8/08/84	$ 500.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: stockbroker Aggregate Year-to-Date > $ 500.00		

SUBTOTAL of Receipts This Page (optional) $20,250.00

TOTAL This Period (last page this line number only) .....

* = $ 2,500.00 to be transferred to non-federal account

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

NAME OF COMMITTEE (in Full)
TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Phillip A. Masquelette 2204 Welch Houston, TX 77019 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Masquelette & Masquelette Occupation: Attorney Aggregate Year-to-Date > $ 1,100.00	7/31/84	$ 100.00
B. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Winton E. Mathews 3300 Southill Circle Austin, TX 78703 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: Retired Aggregate Year-to-Date > $ 250.00	9/27/84	$ 250.00
C. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
M.D. Matthews P.O. Box 56112 Houston, TX 77256 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation: Retired Aggregate Year-to-Date > $ 500.00	9/13/84	$ 500.00
D. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Mrs. Julia Jones Matthews P.O. Box 176 Abilene, TX 79604 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	information requested not received Occupation Aggregate Year-to-Date > $10,000.00	9/25/84	$5,000.00
E. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Albert Maverick, III 723 Main Street Houston, TX 77002 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	information requested not received Occupation Aggregate Year-to-Date > $ 700.00	7/25/84 9/19/84 9/13/84	$ 100.00 100.00 500.00
F. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
M. A. McBee 2100 LTV Tower Dallas, TX 75201 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	information requested not received Occupation Aggregate Year-to-Date > $ 550.00	9/18/84	$ 250.00 150.00
G. Full Name, Mailing Address and ZIP Code	**Name of Employer**	**Date (month, day, year)**	**Amount of Each Receipt this Period**
Frank W. McBee, Jr. 705 San Antonio Austin, TX 78701 Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Tracor, Inc. Occupation: President Aggregate Year-to-Date > $ 2,000.00	7/31/84	$1,500.00
SUBTOTAL of Receipts This Page (optional)			$8,450.00
TOTAL This Period (last page this line number only)			

* = $ 5,000.00 to be transferred to non-federal account

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FOR LINE NUMBER 11 a

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

NAME OF COMMITTEE (in Full)
TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Forrest S. Cox P.O. Box 8677 Waco, TX 76710	information requested not received	10/30/84	$ 100.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date > $ 350.00		

B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Dr. W. H. Crain, Jr. 2511 San Gabriel Austin, TX 78705	University of Texas	10/19/84 10/29/84	$ 500.00 100.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation Curator		
	Aggregate Year-to-Date > $ 1,350.00		

C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Robert P. Creson 4825 LBJ Freeway, Suite 635 Dallas, TX 75234	information requested not received	10/29/84	$ 500.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date > $ 500.00		

D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Mary C. Crowley 10265 Inwood Road Dallas, TX 75229	Home Interiors & Gifts	11/05/84	$ 100.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation Owner		
	Aggregate Year-to-Date > $ *5,100.00		

E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Roy W. Cullen 601 Jefferson, 39th Floor Houston, TX 77002	self employed	10/30/84	$ 500.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation private investor		
	Aggregate Year-to-Date > $ 500.00		

F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Robert L. Cullen 601 Jefferson, 40th Floor Houston, TX 77002	self employed	10/30/84	$ 500.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation private investor		
	Aggregate Year-to-Date > $ 500.00		

G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
William A. Custard 3703 Crescent Avenue Dallas, TX 75205	information requested not received	10/19/84	$2,000.00
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date > $ 2,000.00		

SUBTOTAL of Receipts This Page (optional)	$4,300.00
TOTAL This Period (last page this line number only)	

* $100.00 to be transferred to non-federal account.

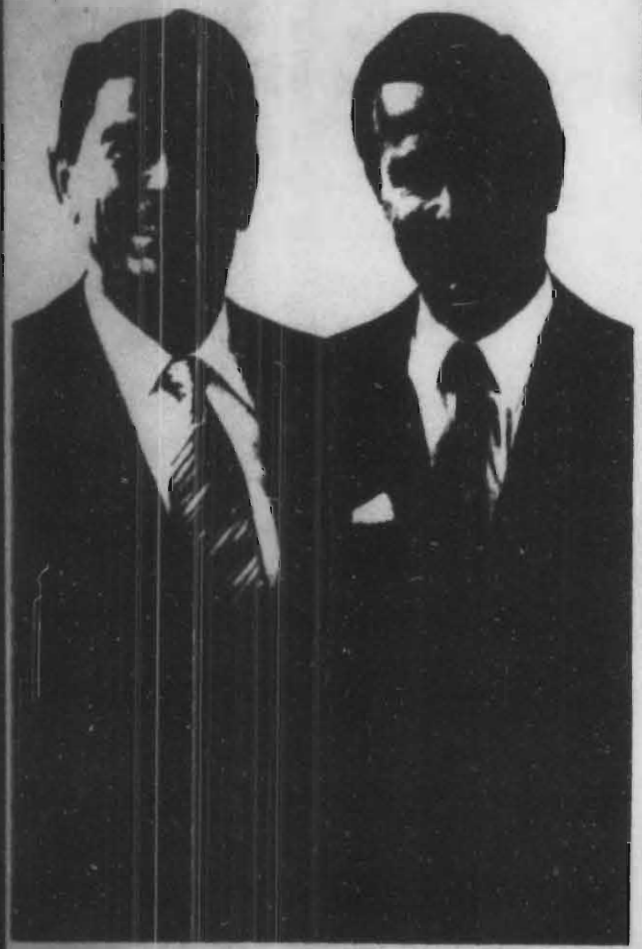
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ATTACHMENT 7

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REAGAN BUSH'84

Leadership you can trust!





From Where We Were

Four years ago, America faced the greatest challenge in our post-war history.

Years of government overspending and overtaxing had ruined our economy. In the last half of the '70s, taxes doubled; yet Federal spending increased even more. Inflation rose to over 12% in 1980 and interest rates hit a 120-year high of over 21%.

Take-home pay, productivity and industrial production were down. The only things going up were prices, unemployment, taxes and the size of government.

Our nation's defenses were dangerously weak. We had suffered humiliation in Iran and lost the respect of our friends abroad.

America lacked leadership. Jimmy Carter and Walter Mondale blamed the people for the nation's difficulties, saying Americans suffered from a "malaise," when we were really suffering from their policies and vacillation.

A New Beginning

Americans wanted a fresh start, so we elected President Ronald Reagan and Vice President George Bush.

We have come a long way. There's new confidence in our leaders and ourselves.

America is Coming Back

In 1981, President Reagan offered a plan for economic recovery.

The result has been record growth and a better life for Americans.

Personal tax rates have been cut by 25%.

Growth in government spending has been slowed by two-thirds.

Since the recovery began, 6½ million more Americans have found jobs—over a million in Texas—and the unemployment rate has been cut to 7.4% nationally and 5.6% in Texas.

Inflation has dropped by more than three-quarters from a high of



9 3 0 4 0 9 4 4 8 5 3

13.3% under Carter-Mondale to less than 4% today. Interest rates have been cut nearly in half.

America today enjoys the world's strongest economic growth and the fastest rate of job creation.

While unemployment is still too high in places like the Rio Grande Valley and the Golden Triangle, the Reagan recovery has already created more productive jobs in the private sector than all the dead-end, make work jobs in government jobs programs since 1946.

And the President has redirected Federal job training to help the unemployed get long term jobs. Now, 70% of job training funds are spent on training, compared to 18% under the old CETA program. Texas received $140 million this year for these programs.

The U.S.A. is on the move again with the largest increase in real income since World War II. And this means a future of sustained economic growth without inflation and with prosperity for all Americans.



America is Respected Again Around the World

Under President Reagan's leadership, we have rebuilt our national defense and regained respect with a firm foreign policy.

Our military has better pay, more pride, and greater confidence. Supply and readiness problems left over from the Carter-Mondale years are being solved. Our armed forces are being given the weapons they need to deter aggression and keep the peace.

The President has also moved to cut waste, fraud and abuse in military spending. The Reagan Administration is taking action on over 1,600 cases of waste it uncovered.

The President is committed to a verifiable agreement between the U.S. and the Soviet Union to reduce the stockpiles of nuclear weapons and end the threat of nuclear war. Success in these negotiations will come by acting from a position of strength, not weakness.



America is Safer

As a result of President Reagan's leadership, we are safer from the ravages of crime.

In 1983, the crime rate declined by 7%, the largest drop in five years, with crime in Texas dropping 6.3%.

Ronald Reagan has appointed Federal judges who will be tough on crime and he backed a successful all-out Federal effort, directed by Vice President Bush, to halt the flow of drugs into the country.

The President is pushing Congress to enact laws for new restrictions on bail for dangerous suspects, tougher sentences, stiffer penalties for drug traffickers, and limitations on the use of the insanity defense.

America is More Energy Independent

Starting with decontrol of oil 8 days after taking office, President Reagan has promoted energy policies that have encouraged gas prices to fall, our dependence on foreign energy to diminish, and domestic production to increase.

And this means savings for all Americans. Gasoline would be a dollar more a gallon today under the Carter-Mondale policies. But because of decontrol and low inflation rate, Americans paid an average of $560 less on gas last year.

Gone are long lines at gas pumps, shortages and skyrocketing prices. Under President Reagan, we have energy independence and security.

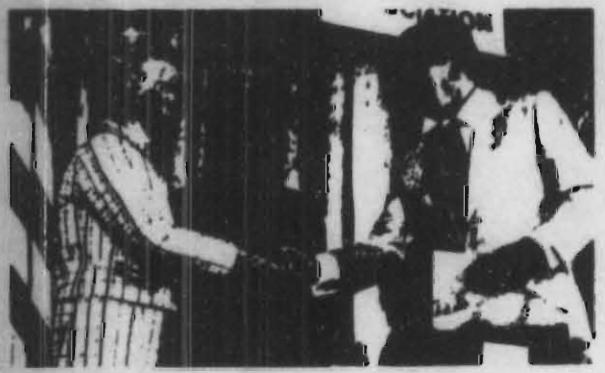
9 3 0 4 0 9 4 4 8 5 4

America Is Seeing Real Equality

President Reagan appointed the first woman to the U.S. Supreme Court, Sandra Day O'Connor, and his Cabinet contains more women than any in history—U.N. Ambassador Jeane Kirkpatrick, Transportation Secretary Elizabeth Dole and Health and Human Services Secretary Margaret Heckler.

57% of all Reagan political appointments have gone to women and women hold twice as many top White House staff posts as in the Carter Administration. President Reagan has appointed women to 1,700 important government jobs since taking office.

The President championed new laws providing child care tax credits for working mothers, elimination of the "widow's tax," and he signed into law child support reforms.



The Unfinished Work

Much has been done, but much remains to be done to keep America free, secure and at peace.

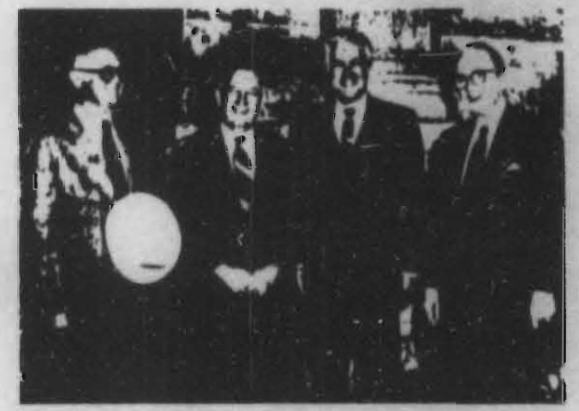
1. **Ensure economic growth.** President Reagan will continue his program of tax relief, spending restraint and steady economic growth.

He will not turn to a misguided quick fix of tax hikes on the backs of working people, like Mondale's $85 billion tax bill.

2. **Strengthen traditional values.** President Reagan will continue to promote a renewal in the traditional values of faith, family, work and neighborhood.

3. **Build a meaningful peace.** President Reagan will keep working for substantial reductions in nuclear weapons through genuine, verifiable arms control and tough negotiating.

4. **Prepare for the future.** President Reagan will continue his leadership in helping American education, business and labor prepare for the future with its high technology promise for our country, both on Earth and in space.



Four of the five Texas governors who've endorsed Reagan-Bush: Smith, Clements, Connally and Shivers.

The Clearest Choice in Decades

The choice is clear.

We can return to the failed policies of the past.

Or we can move forward together with President Reagan's strong leadership.

REAGAN-BUSH '84

Paid for by Victory '84 Fund
A project of the Texas Republican Congressional Committee



VICTORY '84

YES, I will help President Ronald Reagan and Vice President George Bush. I will

Name _____

Address _____

City _____ Zip _____ Phone _____

Federal Law requires we ask your occupation and principal place of business _____

_____

- ☐ Give a day on Election Day, November 6, as part of the Victory Squad.
- ☐ Walk door-to-door to get out the vote.
- ☐ Phone to get out the vote.
- ☐ Help with ballot security at the polling place.
- ☐ Put up a yard sign.
- ☐ Contribute $_____ to the Victory '84 Fund.

Paid for by Victory '84 Fund, a project of the State Executive Committee, Republican Party of Texas Texas Republican Congressional Committee.

VICTORY '84 FUND
104 Congress Avenue
Austin, Texas 78701

9304094855

FROM: _____ Name

_____ Address

_____ City _____ State _____ Zip

TO: Absentee Voting Clerk

_____ Address

_____ City Texas _____ Zip

AFFIX FIRST CLASS POSTAGE HERE

930409448356

APPLICATION FOR BALLOT BY MAIL
(SOLICITUD PARA BOLETA POR CORREO)

COMPLETE ALL INFORMATION. PRINT OR TYPE.
(Complete la información en letra de molde o escriba a máquina.)

NAME *(Nombre)*

PERMANENT RESIDENCE ADDRESS *(Dirección Residencial Permanente)*

street address, apartment number *(calle, número del departamento)* | city *(ciudad)* | state *(estado)* | zip *(zona postal)*

MAIL MY BALLOT TO:
(Envíe mi boleta a:)

Type and date of election *(Tipo y Fecha de elección)*	Party Preference (Primary Election only) *(Preferencia de Partido—Elección Primaria)*
Precinct number *(Número de precinto)*	Certificate number *(Número del certificado)*

If certificate number is unknown, check here *(Si no sabe su número del certificado, marque el cuadro apropiado):*

☐ Lost *(perdido)* ☐ Misplaced *(extraviado)* ☐ Left at home *(lo he dejado en casa)*

YOU MUST CHECK THE REASON YOU ARE APPLYING FOR AN ABSENTEE BALLOT.
(TIENE QUE INDICAR LA RAZÓN POR LA CUAL SOLICITA LA BOLETA DE AUSENCIA.)

1. _____ Expected or actual absence from county on election day and during clerk's regular office hours for the absentee voting period. *(Ausencia esperada o actual del condado el día de elecciones y durante las horas de oficina regulares del secretario para el período de votación por ausencia.)*
2. _____ 65 years of age or older. *(65 años o más de edad.)*
3. _____ Religious belief. *(Creencia religiosa.)*
4. _____ Confinement in jail. *(Encarcelación.)*
5. _____ Sickness or physical disability. *(Enfermedad o discapacidad física.)*
   If you check number 5, your signature as applicant certifies that because of sickness or physical disability you will be unable to appear at the polling place for this election. *(Si marcaste el número 5, su firma como solicitante certifica que por razón de enfermedad o discapacidad física no podrá presentarse a la casilla electoral durante esta elección.)*

In any single election, it is a misdemeanor for any person to sign as a witness the application for an absentee ballot of more than one applicant. However, a person may sign more than one application as a witness if the second and subsequent applicants are related to the witness, as mother, father, husband, wife, child, brother, or sister. *(En cualquier elección, es un delito menor si alguna persona firma, como testigo, solicitudes para boletas ausentes de más de una persona. Sin embargo, una persona puede firmar como testigo más que una solicitud si las solicitantes subsiguientes son parientes del testigo, como madre, padre, esposo, esposa, hijo, hermano, o hermana.)*

FOR WITNESS: Applicant, if unable to sign, shall make mark in presence of witness. If applicant is unable to make mark, the witness shall check here ☐ *(PARA TESTIGO: Si el solicitante no puede firmar, debe hacer su marca en la presencia del testigo. Si el solicitante no puede hacer su marca, el testigo debe marcar aquí ☐.)*

_____ Signature of Witness *(Firma del Testigo)*

_____ Print Full Name of Witness *(Escriba en Letra de Molde el Nombre Completo del Testigo)*

_____ Residence Address *(Dirección de Residencia)*

Relationship to Applicant (Circle one: mother, father, husband, wife, child, brother, sister, none.) *(Relación al Solicitante (Circule uno: madre, padre, esposo, esposa, hijo, hermano, hermana, ninguno.))*

I CERTIFY THAT THE INFORMATION GIVEN IN THIS APPLICATION IS TRUE AND I UNDERSTAND THAT THE GIVING OF FALSE INFORMATION IN THIS APPLICATION IS A CRIME. *(AFIRMO QUE LA INFORMACIÓN QUE DOY EN ESTA SOLICITUD ES LA VERDAD Y COMPRENDO QUE ES UN CRIMEN DAR INFORMACIÓN FALSA SOBRE ESTA SOLICITUD.)*

_____ SIGNATURE OF APPLICANT *(FIRMA DEL SOLICITANTE)*

REAGAN-BUSH '84

October 15, 1984

The Burns Family
1607 Valley Crest
Carrollton, Texas 75006

Dear Burns Family,

A volunteer in the Dallas County campaign said you backed President Ronald Reagan and Vice President George Bush in our phone poll and I wanted to thank you.

Thank you also for supporting my good friend, Phil Gramm, who deserves a good deal of credit for our economic recovery. We need Phil in the U.S. Senate to help keep the recovery going.

I also wanted to remind you of the dire consequences for our nation, for you and your family if Walter Mondale wins. And he could, if those of us who support President Reagan don't vote. We know what's in store if Mondale becomes President because we can look at the terrible record of the Carter-Mondale years.

With our opponent's wild spending and record tax increases fueling inflation, you couldn't go to the grocery without a surprise. The monthly food bill for a family of four went from $272 to $385 under Carter-Mondale and would be $580 today if Reagan hadn't been elected.

Remember the lines at gas pumps and the predictions the price would go to $2 a gallon? Remember when Mondale said gas rationing was "civilized?"

During the Carter-Mondale years, the dream of buying a new car or a house became a nightmare. The house you could buy for $39,600 when Carter-Mondale took office was $64,500 by the time they left. Interest rates hit their highest point since the Civil War, so the average mortgage payment zoomed from $256 a month to $598.

It's hard to forget the unemployment lines. Maybe you feared for your job because of the disastrous Carter-Mondale policies.

If you had a job, inflation was kicking you into a higher tax bracket and government was dipping its hand even deeper into your pocket. You'd be paying at least $1,293 more a year in taxes now if the Carter-Mondale Administration had been re-elected in 1980.

America had lost respect across the world. Our national defense was neglected, our foreign policy was ill-conceived, we had no leadership. The result was increased threats to world peace and the humiliation of our country in Iran.

Yes, it is better today under President Reagan and we all want to

Paid for by the State Executive Committee of the Republican Party of Texas --
The Texas Republican Congressional Committee
[illegible] 512 472-1984

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put away the past. But I remember a quote that "those who forget the past are doomed to relive it." And if we forget how bad Carter-Mondale's policies were, we may go through that nightmare again.

That's why your vote for President Reagan matters so much. You can make a diffference. If you stay home, as Mondale hopes you will, Mondale can win Texas and be our next President.

Under President Reagan, your tax rates have been cut 25% and indexed so your taxes don't go up just because inflation does. Mondale wants to do away with indexing, repeal 40% of that cut for many families and pile on $85 billion more in taxes. Mondale would increase the average family's tax bill by at least $1,890 a year!

Because of President Reagan, your take-home income has risen inflation is down, a record number of people have jobs, interest rates are down and America is once again a strong and respected world leader. You see the results of Ronald Reagan's strong leadership at the store, in your paycheck, and in our people's confidence.

There's still plenty to do in controlling spending and insuring steady economic growth that provides work and opportunity for every American who wants it. President Reagan can do a better job on this than Mondale and his programs to increase our taxes.

President Reagan will continue to strengthen our traditional values of faith, family and work. And he will work to reduce the number of nuclear weapons by negotiating from strength, not weakness.

The President will also continue rebuilding our national defenses. Mondale's cuts would demoralize our fighting men and women and deny them the weapons they need to keep the peace. And it would have a terrible impact on our Texas economy which would lose 220,000 jobs and nine billion dollars in defense funds if Mondale gets elected.

Mondale is just like Carter -- he doesn't have what it takes to be President. His policies, weakness and vacillation plunged us into recession, threw people out of work, led to inflation and high interest rates and resulted in our humiliation in Iran. We cannot afford to go back: Mondale's had his chance.

Will you help the President by volunteering a day to his campaign, putting a sticker on your car or making a donation to our effort? Most important of all, will you make certain your voice is heard on Election Day by voting early?

Our choice is peace and prosperity under Ronald Reagan and George Bush...or a return to the disastrous Carter-Mondale years. Thanks for choosing the Reagan-Bush ticket.

Sincerely,

John Tower

Senator John G. Tower

P.S. Texas elections are close and your vote can make the difference. Vote absentee if you will be unable to go to the polls. Call the county courthouse for information or use this form to request an absentee ballot for you, a relative or a student away at college.

23040948588

Congress of the United States

PHIL GRAMM
Texas

Dear Friend,

I understand from a volunteer in my campaign that you support me in the U.S. Senate election and I wanted to write to say "thanks".

This election presents you with a clear choice based on values and philosophy, not just partisan labels. My opponent and I share very little in common when it comes to the major issues your next Senator will vote on.

In six years in the U.S. House, I've fought and won on issues important to Texas. I co-authored the Reagan economic program of tax cuts and spending controls which is now producing results for the working people of Texas and all Americans.

Because of that program, we've brought the inflation rate down from the highest levels in our Nation's peacetime history to the lowest levels in twenty years. Interest rates, though still too high, are down from the 21 1/2% we had under Carter-Mondale.

We've dug out from under a recession that started four months before our program went into effect. Because of that program, seven million Americans have gone to work in permanent, productive taxpaying jobs with a future for themselves, their families and their children.

I'm proud of the progress we've made and I'm committed to seeing it through to a successful conclusion by controlling spending, by balancing the budget and by adopting a Balanced Budget Amendment to the Constitution to keep it that way.

Walter Mondale and Lloyd Doggett say you need to pay more in taxes, so Washington can go on spending as usual. I have another idea: government should live on a budget just like your family and mine and every other Texas family.

Your support matters a great deal to me. The election will be close. I hope you'll take a more active role by putting a sticker on your car, giving a brochure to a friend, or making a donation to my campaign.

But the greatest help you can give me in the crusade is to vote on November 6th and to encourage your friends, family and co-workers to join you. Thanks again for your support.

Sincerely,

Phil Gramm

Phil Gramm

P.S. The first day I got to Congress, I introduced the Balanced Budget Amendment to the Constitution and I've fought every day since to make it the law of the land. My opponent opposes the Balanced Budget Amendment.

Paid for by the Victory '84 Fund,
a project of the State Executive Committee of the Republican Party of Texas—Texas Republican Congressional Committee.

23040944859

ATTACHMENT 8

9304090448860

NBA NANCY BRATAAS ASSOCIATES, INC. 839 10½ STREET SW ROCHESTER, MN 55902 (507) 288-4020

TEXAS VICTORY COMMITTEE -- FINAL REPORT

1984 Re-elect Reagan Telephone Campaign

(and Elect Gramm)

TABLE OF CONTENTS

Tab. 1: Final Report Summary

Tab 2. Volunteer Calendars for Phone Centers & Home Phoning

Tab 3: Volunteer Location Criteria...
Proposed Locations...
Volunteer Operations.

Tab 4: Structure of Volunteers

Tab 5: Volunteer Job Descriptions

Tab 6: Recruitment of Volunteers

Tab 7: Volunteer Production (Center-by-Center)
Volunteers' Instructions on How to Mark Cards

Tab 8: Proposed 1984 Texas Budget and Cost of Voter Cards

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	MUR 2598
	)	

GENERAL COUNSEL'S REPORT

SENSITIVE

I. BACKGROUND

A. Procedural History

This matter was generated by a referral that resulted from a Commission audit of the Texas Republican Congressional Committee ("TRCC") conducted pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit began in July 1985, and covered the period between January 1, 1983, and December 31, 1984. The Commission reviewed the final audit report and, on April 5, 1988, referred certain matters to the Office of the General Counsel. Supplemental information was referred and forwarded to this Office on April 29, 1988. It was ascertained during the audit review that the TRCC had made certain contributions that were accepted by Texans for Beau Boulter during the 1984 election cycle, which appeared to be excessive. On August 30, 1988, the Commission found reason to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer ("Respondents") violated 2 U.S.C. § 441a(f) by accepting such excessive contributions.[1]

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1. On that same date, the Commission made findings of reason to believe with respect to the TRCC, and Friends of Dick Armey and Rick Woolfolk, as treasurer. Neither of these committees has requested preprobable cause conciliation. The alleged violations that pertain to these committees will be addressed in Briefs prepared by this Office.

Respondents' response to the reason to believe finding is attached. Attachment I.

B. Factual History

Beau Boulter was a candidate for the U.S. House of Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Beau Boulter for Congress,[2] received the following contributions from the TRCC during the 1984 election cycle, which totaled $10,000. On June 22, 1984, the TRCC made a contribution to Respondents in the amount of $5,000. On September 18, 1984, the TRCC made another contribution of $5,000 to Respondents.[3] Respondents initially reported each of the contributions received from the TRCC as for the general election in their financial disclosure reports filed with the Commission. The Texas primaries were held on May 5, 1984.

Although, as noted above, the TRCC designated the first contribution for the primary election in its disclosure reports, the audit staff found no written documentation to prove such designation. In response to the Interim Audit Report issued on November 24, 1986, the TRCC submitted an affidavit by Kevin

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2. By letter dated March 23, 1988, the name of this committee was changed to Texans for Beau Boulter. It is currently Mr. Boulter's Senate campaign committee.

3. The TRCC designated the June 22, 1984, contribution for the general election in its original report dated July 15, 1984. The TRCC filed an amended report on July 19, 1984, wherein it changed the designation of the contribution to the primary election. The TRCC designated the second $5,000 contribution for the general election in its financial disclosure reports filed with the Commission.

Moomaw, who served as political director of the TRCC during the time of the contributions to Respondents. In his affidavit, Mr. Moomaw averred that it was his responsibility to advise candidate committees of contributions they would be receiving from the TRCC. He stated further that either he, or his assistant, contacted Respondents (among others) by telephone to verify that they had outstanding net debts from the primary election and to, thus, inform the committee that a contribution was forthcoming for such election. Mr. Moomaw further stated that a letter of designation accompanied the check sent to the committee. As noted above, the TRCC was unable to produce a copy of the letter of designation, or documentation that primary debts had been verified.[4] The lack of such documentation resulted in this matter involving the Boulter Committee.

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II. ANALYSIS

The Federal Election Campaign Act of 1971, as amended, provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the

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4. In response to the interrogatories propounded during the investigation of the this matter, the TRCC referred to Mr. Moomaw's affidavit and incorporated it in the response.

primary election," and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (Referencing 11 C.F.R. § 110.1(a)(2).[5] Commission regulations at that time did not specify how campaign debts should be substantiated.[6]

The Act further prohibits an officer or employee of a political committee from knowingly accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

The Act provides that each report filed by a political committee shall disclose the amount and nature of outstanding

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5. Although it was not effective in 1984, Commission regulations now require that a copy of the written designation be retained by the recipient committee. 11 C.F.R. § 110.1(1) [incorporating by reference Section 110.2(b)(4)]. Furthermore, the Commission has generally required that a copy of the written designation be provided.

6. In Advisory Opinion 1984-32 the Commission stated that "net debts outstanding" should be determined by finding the difference between (i) the total of the committee's debts and obligations incurred with respect to the primary election and (ii) the total of the committee's cash on hand and receivables available to pay those debts and obligations as of the date that a contribution designated for the primary election is made." This formula allows for the exclusion of contributions designated for the general election, but made before the primary election takes place. The current regulations provide a method for the treasurer of a candidate's authorized political committee to calculate net debts outstanding. See 11 C.F.R. § 110.1(b)(3)(ii). It is noted that the onus is on a candidate's authorized committee to make such calculations with regard to the receipt of contributions after the date of the primary election, and not on the donor committee. See the Explanation and Justification for Contributions by Persons and Multicandidate Political Committees, 11 C.F.R. §§ 110.1 and 110.2, Federal Register, 52 FR 760, January 9, 1987.

debts and obligations owed by such political committee. 2 U.S.C. § 434(b)(8). Commission regulations further stipulate that outstanding debts and obligations owed by a political committee shall be continuously reported until extinguished, and further that such debts shall be reported on a separate schedule with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 C.F.R. § 104.11.

In their response, Respondents included an amended 1984 July Quarterly Report covering the period from April 16 through June 30, 1984, and a letter from Joan Schilling, a member of the 1984 Boulter campaign staff. Ms. Schilling's letter gives a detailed account of Respondents' primary election debt status as of June 22, 1984, the date of the contribution at issue. Respondents provided copies of invoices and other documents to support this account.

Ms. Schilling stated that Respondents were contacted by the TRCC in June 1984 regarding the status of debts incurred during the primary election. She stated further that, upon being told that "we had considerable," a contribution of $5,000 was received from the TRCC. Attachment I(28). It appears, however, that when Respondents filed the original 1984 July Quarterly Report on July 17, 1984, the committee's outstanding net primary debts were not completely disclosed. That report disclosed only a debt owed to the candidate for a loan in the amount of $2,104.16, and an ending cash on hand of $3,635.64. Thus, it appeared from a review of the original 1984 July Quarterly Report

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that Respondents had sufficient funds to pay-off its debt to the candidate, without receiving additional contributions from the TRCC or any other donor. Ms. Schilling's account and the amended 1984 July Quarterly Report present a different status of primary debts. Ms. Schilling acknowledged certain reporting errors in this instance. Id.

According to the amended 1984 July Quarterly Report, Respondents ended that reporting period owing a total of $9,069.89 in debts, and had an ending cash on hand of $3,635.64. Attachment I(2)-(27). The total amounts of receipts and disbursements were not changed from those disclosed in the original report filed, however, the election designation for certain receipts and disbursements was changed. Many contributions received prior to the date of the primary election that had been previously reported as for the general election were changed to show that they were for the primary election. The amended report also changed the election designation for the contribution from the TRCC to report it as for the primary election with the notation "Designated for Primary Debt." Attachment I(15). The report also added a Schedule D that listed debts owed to Houston Data Center and Southern Political Consulting. Attachment I(27).

Ms. Schilling substantiated Respondents' net debts outstanding for the period in question with copies of receipts from certain creditors. The documentation presented shows that the debts claimed by Respondents were incurred before the May 5, 1984, primary election and are apparently chargeable to that

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election. As of the close of business on May 4, 1984, Ms. Schilling stated that Respondents had $2,873.81 in the bank account. The total of three of the "outstanding larger bills" on that date was $16,980.63. Attachment I(29), (31)-(39).

The accounting further shows that payments on the above noted bills were made after the primary election, and as of June 22, 1984, the date of receipt of the $5,000 contribution from the TRCC, it appears that Respondents still owed a total of $11,980.63 to these creditors, plus a loan repayment to the candidate in the amount of $2,104.16. Attachment I(29)-(30). It was stated that as of May 7, 1984, after making a payment to Southern Political Consulting, total funds in the primary account equaled $886.50, which was apparently used to pay utility bills.

The beginning cash on hand disclosed for the 1984 July Quarter reporting period was $13,076.45. The total amount of itemized contributions designated for the primary election in the amended 1984 July Quarterly Report was approximately $16,600. All of these contributions, except the $5,000 from the TRCC, were received prior to the May 5 primary election date. The total amount of itemized contributions received between May 5, 1984 and June 22, 1984, was in excess of $39,000, excluding the $5,000 contribution from the TRCC. All of these contributions, except the $5,000 from the TRCC, are designated for the general election in the disclosure report. There is no information available to this Office about whether such contributions were designated in writing for the general election or whether, in compliance with the Act and Commission regulations, Respondents reported all

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undesignated contributions received after the date of the primary election for the general election. It is apparent, however, that Respondents used some of these funds to retire the primary debts.[7] Adding the beginning cash on hand total of $13,076 with the approximate $16,600 in contributions designated for the primary election (which includes the $5,000 from the TRCC) yields an approximate total of $29,676 available for the primary election debts. Respondents disclosed making at least $35,500 in disbursements connected with the primary election. It is noted that Respondents were also engaged in an active campaign for the 1984 general election. They disclosed making disbursements in excess of $47,000 between May 4, 1984, and June 22, 1984, for general election activity.

Based on the foregoing information provided by Respondents, it appears that they failed to disclose complete and accurate

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7. Respondents use of funds derived from contributions for the general election is not problematic in this instance, as it appears that the contributions were lawfully received for the general election. As stated above, there is no evidence that such contributions were designated in writing for the general election. In the Explanation and Justification for the current regulations it was stated in the illustration that undesignated contributions made after a primary election count toward the general election "and do not automatically reduce the amount of net primary debts. However, the Committee may use such funds to pay primary debts if the undesignated contributions are properly received for the general election." See 52 FR 760 (January 9, 1987). See also Advisory Opinion 1976-60, where a candidate's committee was allowed to transfer a debt incurred by the candidate during his primary campaign to his general election campaign; Advisory Opinion 1986-12; and Advisory Opinion 1988-41, wherein it is stated that "a candidate and his or her principal campaign committee have wide discretion under the Act in making expenditures to influence the candidate's nomination or election." See also 2 U.S.C. § 439a and 11 C.F.R. § 110.1(b)(3)(iv).

information with regard to their debt status following the 1984 primary election in a timely manner. Therefore, this Office recommends that the Commission find reason to believe Respondents violated 2 U.S.C. § 434(b)(8).

III. RECOMMENDATIONS

1. Find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8).

2. Approve the attached letter and Factual and Legal Analysis.

10/12/89
Date

Lawrence M. Noble
General Counsel

Attachments
1. Response from Texans for Beau Boulter
2. Factual and Legal Analysis
3. Letter to Respondents

Staff assigned: Sandra H. Robinson

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 18, 1989, the Commission decided by a vote of 5-0 to take the following actions in MUR 2598:

1. Find reason to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8), as recommended in the General Counsel's Report dated October 12, 1989.

2. Approve the letter and Factual and Legal Analysis, as recommended in the General Counsel's Report dated October 12, 1989.

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

Attest:

10-18-89
Date

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

Received in the Secretariat: Friday, October 16, 1989 4:56 p.m.
Circulated to the Commission: Monday, October 16, 1989 11:00 a.m.
Deadline for vote: Wednesday, October 18, 1989 11:00 a.m.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 31, 1989

Donald H. Wills, Treasurer
Texans for Beau Boulter
15110 Dallas Parkway
Dallas, Texas 75240

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills, as
treasurer

Dear Mr. Wills:

On October 18, 1989, the Federal Election Commission found that there is reason to believe Texans for Beau Boulter ("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 ("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.

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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 Sandra H. Robinson, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Texans for Beau Boulter and Donald H. Wills, as treasurer

MUR 2598

The Federal Election Campaign Act of 1971, as amended, provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election," and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (Referencing 11 C.F.R. § 110.1(a)(2).[1] Commission regulations at that time did not specify how campaign debts should be substantiated.[2]

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1. Although it was not effective in 1984, Commission regulations now require that a copy of the written designation be retained by the recipient committee. 11 C.F.R. § 110.1(l) [incorporating by reference Section 110.2(b)(4)]. Furthermore, the Commission has generally required that a copy of the written designation be provided.

2. In Advisory Opinion 1984-32 the Commission stated that "net debts outstanding" should be determined by finding the difference between (i) the total of the committee's debts and obligations incurred with respect to the primary election and (ii) the total of the committee's cash on hand and receivables available to pay those debts and obligations as of the date that a contribution

The Act further prohibits an officer or employee of a political committee from knowingly accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

The Act provides that each report filed by a political committee shall disclose the amount and nature of outstanding debts and obligation owed by such political committee. 2 U.S.C. § 434(b)(8). Commission regulations further stipulate that outstanding debts and obligations owed by a political committee shall be continuously reported until extinguished, and further that such debts shall be reported on a separate schedule with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 C.F.R. § 104.11.

Beau Boulter was a candidate for the U.S. House of Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Beau

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(Footnote 2 continued from previous page)
designated for the primary election is made." This formula allows for the exclusion of contributions designated for the general election, but made before the primary election takes place. The current regulations provide a method for the treasurer of a candidate's authorized political committee to calculate net debts outstanding. See 11 C.F.R. § 110.1(b)(3)(ii). It is noted that the onus is on a candidate's authorized committee to make such calculations with regard to the receipt of contributions after the date of the primary election, and not on the donor committee. See the Explanation and Justification for Contributions by Persons and Multicandidate Political Committees, 11 C.F.R. §§ 110.1 and 110.2, Federal Register, 52 FR 760, January 9, 1987.

Boulter for Congress,[3] received the following contributions from the TRCC during the 1984 election cycle, which totaled $10,000. On June 22, 1984, the TRCC made a contribution to Respondents in the amount of $5,000. On September 18, 1984, the TRCC made another contribution of $5,000 to Respondents.[4] Respondents initially reported each of the contributions received from the TRCC as for the general election in their financial disclosure reports filed with the Commission. The Texas primaries were held on May 5, 1984.

On September 15, 1988, Respondents filed an amended 1984 July Quarterly Report covering the period from April 16 through June 30, 1984, and a letter from Joan Schilling, a member of the 1984 Boulter campaign staff. Ms. Schilling's letter gives a detailed account of Respondents' primary election debt status as of June 22, 1984, the date of the contribution at issue. Respondents provided copies of invoices and other documents to support this account.

Ms. Schilling stated that Respondents were contacted by the TRCC in June 1984 regarding the status of debts incurred during the primary election. She stated further that, upon being told

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3. By letter dated March 23, 1988, the name of this committee was changed to Texans for Beau Boulter. It is currently Mr. Boulter's Senate campaign committee.

4. The TRCC designated the June 22, 1984, contribution for the general election in its original report dated July 15, 1984. The TRCC filed an amended report on July 19, 1984, wherein it changed the designation of the contribution to the primary election. The TRCC designated the second $5,000 contribution for the general election in its financial disclosure reports filed with the Commission.

that "we had considerable," a contribution of $5,000 was received from the TRCC. It appears, however, that when Respondents filed the original 1984 July Quarterly Report on July 17, 1984, the committee's outstanding net primary debts were not completely disclosed. That report disclosed only a debt owed to the candidate for a loan in the amount of $2,104.16, and an ending cash on hand of $3,635.64. Thus, it appeared from a review of the original 1984 July Quarterly Report that Respondents had sufficient funds to pay-off its debt to the candidate, without receiving additional contributions from the TRCC or any other donor. Ms. Schilling's account and the amended 1984 July Quarterly Report present a different status of primary debts. Ms. Schilling acknowledged certain reporting errors in this instance.

According to the amended 1984 July Quarterly Report, Respondents ended that reporting period owing a total of $9,069.89 in debts, and had an ending cash on hand of $3,635.64. The total amounts of receipts and disbursements were not changed from those disclosed in the original report filed, however, the election designation for certain receipts and disbursements was changed. Many contributions received prior to the date of the primary election that had been previously reported as for the general election were changed to show that they were for the primary election. The amended report also changed the election designation for the contribution from the TRCC to report it as for the primary election with the notation "Designated for Primary Debt." The report also added a Schedule D that listed

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debts owed to Houston Data Center and Southern Political Consulting.

Ms. Schilling substantiated Respondents' net debts outstanding for the period in question with copies of receipts from certain creditors. The documentation presented shows that the debts claimed by Respondents were incurred before the May 5, 1984, primary election and are apparently chargeable to that election. As of the close of business on May 4, 1984, Ms. Schilling stated that Respondents had $2,873.81 in the bank account. The total of three of the "outstanding larger bills" on that date was $16,980.63.

The accounting further shows that payments on the above noted bills were made after the primary election, and as of June 22, 1984, the date of receipt of the $5,000 contribution from the TRCC, it appears that Respondents still owed a total of $11,980.63 to these creditors, plus a loan repayment to the candidate in the amount of $2,104.16. It was stated that as of May 7, 1984, after making a payment to Southern Political Consulting, total funds in the primary account equaled $886.50, which was apparently used to pay utility bills.

The beginning cash on hand disclosed for the 1984 July Quarter reporting period was $13,076.45. The total amount of itemized contributions designated for the primary election in the amended 1984 July Quarterly Report was approximately $16,600. All of these contributions, except the $5,000 from the TRCC, were received prior to the May 5 primary election date. The total amount of itemized contributions received between May 5, 1984 and

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June 22, 1984, was in excess of $39,000, excluding the $5,000 contribution from the TRCC. All of these contributions, except the $5,000 from the TRCC, are designated for the general election in the disclosure report. There is no information available to this Office about whether such contributions were designated in writing for the general election or whether, in compliance with the Act and Commission regulations, Respondents reported all undesignated contributions received after the date of the primary election for the general election. It is apparent, however, that Respondents used some of these funds to retire the primary debts.[5] Adding the beginning cash on hand total of $13,076 with the approximate $16,600 in contributions designated for the primary election (which includes the $5,000 from the TRCC) yields an approximate total of $29,676 available for the primary election debts. Respondents disclosed making at least $35,500 in disbursements connected with the primary election. It is noted

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5. Respondents use of funds derived from contributions for the general election is not problematic in this instance, as it appears that the contributions were lawfully received for the general election. As stated above, there is no evidence that such contributions were designated in writing for the general election. In the Explanation and Justification for the current regulations it was stated in the illustration that undesignated contributions made after a primary election count toward the general election "and do not automatically reduce the amount of net primary debts. However, the Committee may use such funds to pay primary debts if the undesignated contributions are properly received for the general election." See 52 FR 760 (January 9, 1987). See also Advisory Opinion 1976-60, where a candidate's committee was allowed to transfer a debt incurred by the candidate during his primary campaign to his general election campaign; and Advisory Opinions 1986-12, and 1988-41, wherein it is stated that "a candidate and his or her principal campaign committee have wide discretion under the Act in making expenditures to influence the candidate's nomination or election." See also 2 U.S.C. § 439a.

that Respondents were also engaged in an active campaign for the 1984 general election. They disclosed making disbursements in excess of $47,000 between May 4, 1984, and June 22, 1984, for general election activity.

Respondents failed to fully disclose information about the amount and nature of outstanding debts they owed following the 1984 primary election, in a timely manner. Therefore, there is reason to believe Respondents violated 2 U.S.C. § 434(b)(8).

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	MUR 2598
	)	
Dick Armey Campaign and Mike Keeling, as treasurer	)	
	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Texans for Beau Boulter and Donald H. Wills, as treasurer, and Dick Armey Campaign and Mike Keeling, as treasurer, based on the assessment of the information presently available.

6/29/90
Date

Lawrence M. Noble
General Counsel

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican	)	MUR 2598
Congressional Committee,	)	
and Martha Weisend, as	)	
treasurer	)	

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to the Texas Republican Congressional Committee and Martha Weisend, as treasurer, based on the assessment of the information presently available.

6/28/90
Date

Lawrence M. Noble
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1990

Jan W. Baran, Esquire
Carol A. Laham, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer

Dear Mr. Baran and Ms. Laham:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by you, on August 30, 1988, the Federal Election Commission found reason to believe that your clients, violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f), and 441b(a) and 11 C.F.R. §§ 102.5(a) and 102.17(c), 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 with respect to 11 C.F.R. § 102.17(c) and that the Commission find probable cause to believe that violations have occurred with respect to 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f), and 441b(a) and 11 C.F.R. § 102.5(a).

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,

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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 Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend,[1] as treasurer	)	MUR 2598
	)	
	)	

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

Pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"), the Federal Election Commission ("the Commission") conducted an examination and audit of the Texas Republican Congressional Committee ("the Committee"). The audit covered the period beginning January 1, 1983, and ending December 31, 1984. On August 30, 1988, the Commission found reason to believe the Committee and its treasurer violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f), and 441b(a), and 11 C.F.R. §§ 102.5(a) and 102.17(c) of Commission regulations and instituted an investigation in this matter.

During the period covered by the examination and audit, the Committee maintained two principal accounts: the main operating account and the Victory '84 account. During this period, the Committee had total receipts of $4,719,686.21 and total disbursements of $4,711,032.36, of which approximately $3.2 million in disbursements were made from the Victory '84 account.

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1. The initial findings in this matter were made with respect to Henry Santamaria, as treasurer. Commission policy provides for naming the current treasurer in enforcement matters. Ms. Weisend has been substituted although she became treasurer after the initiation of this matter.

The Committee established this account for the purpose of funding volunteer activity in connection with President Reagan's re-election campaign and the campaigns of other federal candidates of the Republican Party in Texas. During the period in question, the Committee was qualified as a multicandidate political committee pursuant to 2 U.S.C. § 441a(a)(4) and was the federal account of the Republican Party of Texas registered with the Commission as a political committee, and thus functioned as the state committee of a political party as defined by 2 U.S.C. § 431(15).

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II. ANALYSIS

A. The Texas Republican Congressional Committee Has Failed To Substantiate Its Claim That All Of Its Disbursements Qualify As Exempt Payments Under The Federal Election Campaign Act Of 1971, As Amended.

The Federal Election Campaign Act of 1971, as amended (the "Act"), defines contributions and expenditures to include any gift, payment of money or anything of value for the purpose of influencing any election for federal office. 2 U.S.C. §§ 431(8)(A)(i) and 431(9)(A)(i). The Act further provides that no multicandidate political committee shall make contributions to any candidate or his or her authorized committees with respect to any election for federal office which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A).

The national committee of a political party may make limited coordinated expenditures in connection with the general election campaign of its presidential candidate. 2 U.S.C. § 441a(d). The national and state committees of a political party may make

limited coordinated expenditures in connection with the general election campaigns of their senatorial and congressional candidates. Commission regulations provide that a political party committee may not make independent expenditures on behalf of its candidates. 11 C.F.R. §§ 110.7(a)(5) and 110.7(b)(4).

The Act provides that political committees shall not knowingly make expenditures on behalf of a candidate in violation of the limitations of Section 441a. 2 U.S.C. § 441a(f). Pursuant to 2 U.S.C. §§ 434(b)(4)(H)(i) and (iv) and 434(b)(6)(B)(i) and (iv), a political committee, other than an authorized committee, must report and itemize contributions to other political committees and expenditures made pursuant to 2 U.S.C. § 441a(d).

The Act exempts from the definitions of contribution and expenditure the payments by a state or local committee of a political party for the costs of voter registration and get-out-the-vote ("GOTV") activities conducted by such committees on behalf of its nominees for President and Vice President. 2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix). The Act also exempts payments by a state or local political party committee for the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) used in connection with volunteer activities. 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii). With respect to both exemptions, the Act and Commission regulations require party committees to meet certain specific criteria in order for its payments to qualify for the exemption. Several criteria that

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apply to both exemptions are relevant to this matter. These criteria include the requirements that the payments are not for materials or activities in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising but instead the materials are distributed by volunteers not commercial vendors and the phone banks are operated by volunteers not paid professionals; the payments are made from contributions subject to the limitations and prohibitions of the Act and are not made from contributions designated to be spent on behalf of a particular candidate; the payments for such materials and activities are not made from funds donated by a national committee of political party.

1. **The Committee made disbursements for general public political advertising in the form of direct mail for campaign materials distributed by commercial or for-profit operations rather than by volunteers.**

The voter registration and GOTV and the campaign materials exemptions do not apply to payments "for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising." 2 U.S.C. §§ 431(8)(B)(x)(1), 431(9)(B)(viii)(1), 431(8)(B)(xii)(1) and 431(9)(B)(ix)(1). Commission regulations define direct mail to mean "any mailing(s) by a commercial vendor or any mailing(s) made from commercial lists." 11 C.F.R. §§ 100.7(b)(15)(i), 100.8(b)(16)(i), 100.7(b)(17)(i) and 100.8(b)(18)(i).

Moreover, the Act provides that the campaign materials paid

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for by the state and local party committees must be used in connection with volunteer activities. 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii). In order to qualify for the exemption from the definitions of contribution and expenditure, Commission Regulations require that the campaign materials be distributed by volunteers and not by commercial or for-profit operations. 11 C.F.R. §§ 100.7(b)(15)(iv) and 100.8(b)(16)(iv). Pursuant to these sections, payment by the party committee for travel and subsistence or customary token payments to volunteers do not remove these individuals from the voluntary category.

Commission Regulations further provide payment of the costs incurred in the use phone banks in connection with voter registration and GOTV activities is not a contribution when such phone banks are operated by volunteer workers. 11 C.F.R. §§ 100.7(b)(17)(v) and 100.8(b)(18)(v). The Regulations indicate that it is permissible for a party committee to use paid professionals to design the phone bank system, develop calling instructions, and train supervisors. The payment of the costs of such professional services is not an expenditure but must be reported as a disbursement by the committee. The Regulations further explain that if such voter registration and GOTV activities include references to any House or Senate candidates, the costs of such activities shall be a contribution to, or an expenditure on behalf of, such candidates unless the mention of such candidates is merely incidental to overall activity. 11 C.F.R. §§ 100.7(b)(17)(iv) and 100.8(b)(18)(iv).

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a. Phil Gramm, 1983 Special Election

During the audit period, the Committee made six expenditures totaling $14,912.12 on behalf of Phil Gramm, a candidate for the U.S. House of Representatives in a special election on February 12, 1983. The Committee reported these disbursements as operating expenditures, which consisted primarily of payments for mailing lists, stationery, printing and postage for mailing. The Committee has asserted that these expenditures qualified as an exemption to the definitions of contribution or expenditure because they were made as part of a volunteer effort, including mass mailings, on behalf of Gramm.

The Committee states that it has not been able to locate copies of the campaign materials in connection with this activity on behalf of Gramm in the Committee's files or the files of Karl Rove. The Committee argues, however, that "[a]s a matter of established practice and policy, the Committee did not use commercial lists for any volunteer mass mailings." Nevertheless, the Committee has not substantiated its assertion that these payments qualify for the exemption. Instead, they remain expenditures on behalf of Phil Gramm's candidacy in 1983 and subject to the appropriate limits.

The General Counsel notes that the Committee also states that it did not use the coordinated party expenditure limit of $19,570 for the 1983 special election in the State of Texas. Accordingly, the Committee suggests that it assign these expenditures totaling $14,912.12 to the category of coordinated

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party expenditures and amend its reports to reflect this change.[2] By making this amendment to its reports, the committee will be properly reporting these payments as expenditures on behalf of Gramm and within the applicable limitations.

b. 1984 GOTV and Voter Registration Activities

The "Victory '84" program was a project to raise and spend money in support of volunteer voter registration and GOTV activities on behalf of the candidates of the Republican Party. According to an affidavit submitted by Linda Heck, all of the party's organizations were used to recruit volunteers for phone banks, voter registration and GOTV drives throughout Texas.

The Committee undertook to raise funds for its activities in a variety of ways. According to documents submitted by the Committee, the original strategy was to raise funds through solicitations in person, by phone, and by mail in an effort to minimize expenses. This approach ran into difficulty, in part because of competing fundraising efforts by other party organizations and candidates, and did not achieve the level of anticipated receipts.[3] The Committee then decided to use a presidential dinner as the "major device" to reach its fundraising goals. That dinner was held October 2, 1984, in

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2. The NRCC disclosed a total of $90 in direct contributions to the Gramm campaign committee and a total of $508 in coordinated party expenditures on behalf of Gramm for the special election. The RNC disclosed a total of $3,656 in direct contributions to the Gramm campaign committee and a total of $2,045 in coordinated party expenditures on behalf of Gramm for the special election.

3. The Committee also participated in a joint fundraising breakfast at the Republican National Convention in Dallas from which it received net proceeds of $78,358.73.

Houston and resulted in net proceeds of $1.8 million. Ticket sales were apparently solicited by mail. One response item sought to sell tickets at $1,000 each for those who would attend or contributions in other amounts for those who could not attend. A second response item sought to sell one or more tables at $10,000 each together with participation in a "private reception" for the President and with the designation of the contributor as a co-chairman of the event. For both response items, the checks were to be made payable to "Victory '84 Fund."

The Committee also sent direct mail pieces in October that raised additional funds. One of these dated October 17, 1984, was signed by President Reagan and sought contributions for the "Texas Reagan Team." The funds were solicited to support the "grass roots volunteer efforts to support the election efforts of Republican candidates for Federal office, from the state to the national level." The response item sought contributions from $50 to $100 payable to "Victory '84 Fund."

Volunteers were recruited by word of mouth and by the mailing of volunteer cards to individuals on the state party's contributor list and the primary voter list. The mailings were apparently made under the signature of Senator John Tower, who headed up the Victory '84 efforts of the Republican Party of Texas. The response items contained places for individuals to indicate how they would like to help (i.e., phone banks, voter registration, bumper stickers, yard signs, etc.) and contained a fundraising appeal. According to documents submitted by the Committee, the state party recruited 35,943 telephone volunteers

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who made a total of 1,571,548 completed voter identification calls and 709,532 GOTV calls to households supporting President Reagan's candidacy in 1984.

The volunteers staffed phone banks where they made telephone calls to identify unregistered voters, registered Republican voters and potential voters for, against and undecided in the 1984 elections for President and Senate as well as their party affiliation and whether there were unregistered voters in the household.[4] The voter identification activity began on September 24 and continued through October 26 at 52 sites in Texas. The Committee provided a copy of a script used for voter identification calls. The volunteers recorded voter responses to the questions on preprinted individual cards or to indicate a voter was not reached or the phone number was out of order or disconnected. These cards were forwarded to a computer firm to incorporate those names onto the voter name files of the Committee. Fundraising, voter registration and GOTV letters were then prepared by Karl Rove for mailing to individuals on that list. Different letters were prepared for "favorable" voters and unreachable voters, and for GOTV purposes. The letters to the "favorable" voters also sought to enlist their help as volunteers and contained a fundraising appeal. After preparation of the letters by Karl Rove, the envelopes were sent back to the phone centers where they were addressed and/or stamped by volunteers and then returned to the vendor or Victory '84 headquarters for

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4. The Committee notes that the Friends of Phil Gramm Committee paid for its proportionate share of these phone centers.

mailing. The Committee provided a summary prepared by the volunteer coordinator at the Austin phone center that stated:

> Volunteers stamped 461,000 envelopes for the Victory '84 Outreach program, hand addressed over 15,000 envelopes, stamped 257,000 get-out-the-vote envelopes, and labeled, stamped and got ready for mailing 50,000 "Jewish coalition" mailings. ... The job which was most hated was unsticking flaps of envelopes for the stuffing machines of the mailhouses. The job was tedious and very time-consuming. We unstuck flaps on 200,000 - 300,000 envelopes.

According to the Committee, volunteers stamped and addressed envelopes and participated in the preparation of the mailing lists for all mail sent out by Victory '84. The coordinator's summary, however, indicates that a substantial number of envelopes were stuffed by the "machines of the mailhouses."

The phone bank program was made on behalf of both President Reagan and Phil Gramm. The audit identified three expenditures totaling $36,535.45 made on behalf of Phil Gramm, the Republican candidate for U.S. Senate in 1984. These three expenditures included check number 1699 dated October 16, 1984 in the amount of $28,882.41 to Karl Rove for printing; check number 2099 dated December 7, 1984 in the amount of $7,616.04 to Karl Rove for printing; and check number 1617 dated October 10, 1984 in the amount of $37 to Thomas H. Meginnis for a "vote list."

The Committee states that check number 2099 in the amount of $7,616.04 was made in connection with the Committee's 1984 GOTV efforts. In particular, this expenditure was for a letter from Ronald Reagan urging voters to financially support grass roots efforts such as manning phone centers and organizing voter registration. See Response to Interim Audit Report - Exhibit 12.

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This letter does not mention Phil Gramm. Therefore, this expenditure is included in the amounts discussed above regarding the 1984 GOTV activities.

With respect to the $37 check made payable to Thomas Meginnis, the Committee states that Meginnis is the Election Administrator of Williamson County, Texas. The check was for the purchase of a list of registered Democratic voters in selected precincts in Williamson County. The Committee further notes that the remaining expenditure, check number 1699 dated October 16, 1984 in the amount of $28,882.41 to Karl Rove for printing, was "apparently for the costs of printing an exempt volunteer mailing."[5] The Committee further indicates that the memo entry on the check stated "Gramm favorables." The Committee states that it was running an extensive volunteer phone bank for the purpose of identifying "Gramm favorables." The Committee then sent exempt mailings to those individuals identified as "Gramm favorables." To support this statement, the Committee refers to a thank you letter from Gramm to his supporters. Although the Committee states that it cannot provide any documentation that the $28,882.41 expenditure was for this letter, its response makes the implication that the expenditure relates to this, or a similar type of, letter. The Committee states that it used a publicly available voter registration list in connection with these mailings. The Committee notes that it does not have any

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5. The Committee did, however, assign its coordinated party expenditure limit pursuant to 2 U.S.C. § 441a(d) to the NRSC. It provided the Commission with a copy of the written authorization.

further documentation, including the actual campaign materials produced in connection with this activity, contracts, vouchers, receipts or invoices.

In MUR 2377, which also involved volunteer activities by the Texas Republican Congressional Committee but in the 1986 election cycle, the Commission determined that "the scope of volunteer involvement in these activities satisfied the Act's requirements that such campaign materials be used 'in connection with volunteer activity.'" In that matter, the role of commercial vendors in distributing the materials was limited to printing and shipping the materials to the party and assisting in payment to the post office. The volunteers were used to prepare the mail pieces for distribution by unpackaging, labeling, sorting by zip code, bundling by carrier route and delivering to the post office. See Statement of Reasons, MUR 2377, dated March 12, 1990.

Although MUR 2377 involved the same committee that is a respondent here, the extent of the volunteer participation in the mailing for the 1984 general election appears to be significantly less than such participation for the 1986 general election. In 1984 volunteers were apparently used only to address envelopes or place a stamp on the envelopes for the mailings. They did not, for instance, sort and bundle them by zip code. The commercial vendor then stuffed of the envelopes, sorted them, and delivered them to the post office. Thus, the level of volunteer involvement for the 1984 general election more closely resembles that in MUR 2288 regarding the Utah Republican Party where it was

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determined that the volunteer involvement did not satisfy the Act's requirements. This conclusion applies to the Committee's payments relating to the mailings. Conversely, the evidence supplied by the Committee demonstrates that the use of volunteers in operating the phone banks as part of its Victory '84 voter identification and GOTV efforts did satisfy the Act's requirements with regard to volunteer participation.[6]

2. **The Committee has not established that all of its receipts came from contributions subject to the limitations and prohibitions of the Act.**

The Act provides that payments for voter registration and GOTV and for campaign materials used in connection with volunteer activity must be made from contributions subject to the limitations and prohibitions of the Act. 2 U.S.C. §§ 431(8)(B)(x)(2), 431(9)(B)(viii)(2), 431(8)(B)(xii)(2) and 431(9)(B)(ix)(2). The Act provides that any person may contribute up to $5,000 in any calendar year to a multicandidate political committee, such as the Texas Republican Congressional Committee. 2 U.S.C. § 441a(a)(1)(C). The Act prohibits "any corporation whatever" from making any contribution or expenditure in connection with any election for federal office. 2 U.S.C. § 441b(a). The Act provides that a political committee shall not knowingly accept contributions in excess of the limitations of Section 441a or knowingly accept contributions prohibited by Section 441b. 2 U.S.C. §§ 441a(f) and 441b(a). The Act also

6. The Committee spent approximately $3.2 million on its "volunteer" mailings, phone banks, and related activities. A breakdown between the mailings and the phone banks has not been made.

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requires the treasurer of a political committee to keep and maintain records of all contributions in excess of $50 for three years. 2 U.S.C. §§ 432(c) and 432(d). The treasurer must also report the receipt of all contributions and aggregate contributions from the same contributor and itemize the contributions in excess of $200 in any calendar year from the same contributor. 2 U.S.C. § 434(b).

a. The Committee failed to maintain required records for $1.5 million in contributions and failed to itemize and aggregate all of its contributions requiring itemization and aggregation.

The Act requires the treasurer of a political committee to keep an account of all contributions received by or on behalf of such political committee. 2 U.S.C. § 432(c)(1). The Act provides that the treasurer must keep an account of the name and address of any person who makes any contribution in excess of $50, together with the date and amount of such contribution; and the identification of any person who makes a contribution or contributions aggregating more than $200 during a calendar year, together with the date and amount of such contribution. 2 U.S.C. §§ 432(c)(2) and 432(c)(3). Pursuant to 2 U.S.C. § 431(13), the term "identification" for an individual includes the name, mailing address, occupation and name of the employer of such individual; for any other person, the term includes the full name and address of such person. The Act further provides that the treasurer shall preserve all records to be kept pursuant to 2 U.S.C. § 432 and copies of all reports required to be filed for three years after the report is filed. 2 U.S.C. § 432(d).

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Commission Regulations explain that such records shall be made available for audit, examination and inspection by the Commission or its authorized representatives during the three-year period. 11 C.F.R. § 104.14(b)(3).

Pursuant to 2 U.S.C. § 434(b)(3)(A), the Act requires the treasurer of a political committee to disclose the identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of any such contribution. The Act further requires the treasurer to disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution. 2 U.S.C. § 434(b)(3)(B).

During the examination and audit, the Commission requested that the Committee provide complete contribution records for all of the contributions it received during the period covered by the audit. The Committee provided certain records. The Committee, however, failed to provide records relating to approximately $1.5 million out of $4.7 million in contributions received during the relevant period.

With respect to those contributions for which records were provided (approximately $3.1 million out of $4.7 million), the audit found numerous contributions that required itemization but had not been itemized in the Committee's disclosure reports. It

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also determined that contributions deposited into the Victory '84 account had not been aggregated with those deposited into the Committee's main operating account, thus indicating that further contributions may have required itemization. The Committee subsequently filed amendments to the eight disclosure reports filed with the Commission that covered the period of the audit.[7] In the amendments the Committee aggregated contributions deposited into the two accounts and itemized contributions for which the Committee had supporting records and documentation. The amendments, however, were filed on March 9, 1987, although the contributions in question were received in 1983 and 1984. Furthermore, the Committee was unable to perform such aggregation and itemization for the $1.5 million of its $4.7 million in contributions for which it did not have, or did not produce, records or documentation.

Therefore, with regard to approximately one-third of the Committee's receipts, the examination and audit was not able to determine whether they constituted contributions that met the limitations and prohibitions of the Act. Moreover, the Committee was able to provide check copies for only 55 per cent of its $4.7 million in receipts. This gap in the records further inhibited the ability of the examination and audit to determine if the Committee's receipts met the limitations and prohibitions of the Act.

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7. The amended reports include the 1983 Mid-Year and Year End Reports; the 1984 April, July, and October Quarterly Reports; the 1984 Pre-General and Post-General Reports; and the 1984 Year End Report.

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b. The Committee knowingly accepted more than $488,000 in impermissible funds.

Commission Regulations require that a political committee, which has established separate federal and nonfederal accounts, may only deposit funds subject to the prohibitions and limitations of the Act into the separate federal accounts. 11 C.F.R. § 102.5(a)(1)(i). At the time the contributions described below were received, the Regulations required a political committee to return all questionable contributions to the contributor or to deposit them within 10 days of receipt. If deposited and reported, the treasurer was required to make his or her best efforts to determine the legality of the contributions. Moreover, if deposited, the treasurer was required to make and retain a written record noting the basis for the appearance of illegality. This statement was to be included in the report. 11 C.F.R. § 103.3(b)(1)(1984).

(1) The Committee knowingly received $194,508 in prohibited contributions.

The Act prohibits any corporation whatever from making a contribution to a political committee in connection with a federal election and prohibits any political committee from knowingly accepting a contribution from such corporation. 2 U.S.C. § 441b(a).

The Committee provided check copies for some of the contributions received greater than $50. These checks constituted only 55 percent of the $4.7 million in the Committee's receipts during the audit period. After verification with the office of the Texas Secretary of State, the audit

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determined that these checks included 189 contributions from apparent corporations, which totaled $194,508.

The Committee states that the Committee attempted to determine the legality of these contributions from the face of the checks. According to the Committee, checks received which were readily identifiable as being from corporations by a "Co." or "Inc." designation were returned to the contributor. The Committee further admits, however, that several corporate checks did get through the screening process. The Committee notes that the $2,000 check from Franklin Sylvester and Co. received by the Committee on October 15, 1984 was transferred to the Committee's nonfederal account on May 1, 1987. The Committee has not indicated whether the other 188 corporate checks were refunded or deposited in the Committee's nonfederal account.

Because the Committee did not refund the contributions, resolve the apparent illegality of these contributions within a reasonable time, or note their illegality in any written record or reports, the Committee knowingly accepted these prohibited corporate contributions.

(2) The Committee knowingly received $294,100 in excessive contributions.

The Act provides that no person shall make contributions to any political committee in any calendar year, in the aggregate, exceeding $5,000. 2 U.S.C. § 441a(a)(1)(C). The Act further provides that no committee shall knowingly accept contributions in excess of the limitations of 2 U.S.C. § 441a. 2 U.S.C. § 441a(f).

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Commission Regulations in effect at the time that the contributions were made provided that even though a spouse in a single income family has contributed $1,000 to a candidate for any election, the other spouse may similarly contripute $1,000 to the same candidate for the same election. 11 C.F.R. § 110.1(i)(1)(1984). Although the Regulations are silent, the same rule would be applicable to contributions to unauthorized committees, such as state party committees, where the annual contribution limitation is $5,000 per calendar year. See 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(i)(1990). The Regulations further provide that a partnership may make a contribution to a political committee subject to the limitations of the Act. Pursuant to Commission Regulations, the contribution shall be attributed to each partner in proportion to each partners share of the profits or by agreement. 11 C.F.R. § 110.1(e)(1984). The rule would also apply to contributions to a state party committee. See 11 C.F.R. § 110.1(e)(1990).

The audit identified the Committee's receipt of $624,100 in contributions from 66 individuals that resulted in the receipt of excessive contributions totaling $294,100. A review of a sample of the response items for the October 2 presidential dinner indicates that most of these excessives apparently occurred with respect to this event. The response items state that tables at the dinner could be purchased for $10,000 each. They also stated that federal law limited contributions to $5,000 per person, but that tables could be purchased by husband and wife. They added that corporate contributions could not be accepted. The

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Committee sought reattribution of many of these excessive contributions or made transfers of equivalent amounts to its nonfederal account. Nevertheless, none of these apparent excessive contributions were resolved in a timely manner or in accordance with 11 C.F.R. § 103.3(b)(1). Therefore, the Committee knowingly accepted these excessive contributions.

c. The Committee misreported $106,351 in contributions as from the account holder rather than the person signing the checks as required by Commission regulations.

The Act provides that the treasurer of a political committee shall keep a record of the name and address of all persons who contribute more than $50 and the identification of all persons whose contributions aggregate more than $200 in any calendar year. 2 U.S.C. § 432(c). Identification is defined by the Act to include the name and address of individuals as well as they occupation and employer. The Act requires political committees to report the identification of persons whose contributions aggregate more than $200 in a calendar year. 2 U.S.C. § 434(b).

The audit ascertained that 200 contributions totaling $106,351 were apparently signed by someone other than the person identified on the face of the check as the account holder.[8] Commission Regulations in effect at the time these contributions were received provided that absent evidence to the contrary, any contribution made by check shall be reported as a contribution by

8. Forty-four of these contributions totaling $22,033 are also included in the amount of corporate contributions. One contribution for $500 is included in the amount of earmarked contributions.

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the last person signing the instrument prior to delivery to the candidate or committee. 11 C.F.R. § 104.8(c)(1984). This Regulation contemplates that the person signing the check is the person making the contribution. This interpretation applies because in the case of joint bank accounts, any signatory on the account may withdraw all or part of the funds in the account for his or her own use. Thus, where the person signing the check is someone other than the person identified on the check as the account holder and the contribution is intended to be made by this account holder, a written notation on the check or a separate document explaining this attribution is necessary.

With regard to the contributions which appeared to be signed by a person other than the identified account holder, the Committee explains that much of the initial data entry was performed by Karl Rove and Company ("Karl Rove"). The Committee states that while it assumes that the data entry was done in accordance with the Act's requirements, the Committee cannot attest to the means used by Karl Rove for determining to whom the contribution should be attributed. It further indicates, however, that the Committee believes that Karl Rove used the source documents to make this determination. If the data entry was done by the Committee directly, the Committee reviewed the check for the account holder and reported the contribution as such. The Committee also notes that, in amending its reports, the consultants of the Committee reported the contributions as being from the account holder. If there was doubt as to the identity of the contributor, the consultants made phone calls to

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determine the appropriate person to whom to attribute the contribution.

Nevertheless, the attribution of these contributions to the account holder rather than the person signing the checks, absent contemporaneous writings such attribution, does not conform with the requirements of the Regulations regarding the identity of the contributor. Furthermore, this treatment of these checks also inhibited the ability of the examination and audit to ascertain whether all contributions received by the Committee met the limitations and prohibitions of the Act.

3. **Although the Committee received contributions designated to be spent on behalf of a particular candidate or candidates, the Committee made the final decision regarding who would receive the benefit of these contributions. Nevertheless, the Committee failed to forward $110,450 in earmarked contributions to the respective federal candidates.**

The Act provides that payments for voter registration and GOTV or for campaign materials may not be made from contributions designated to be spent on behalf of a particular candidate or candidates. 2 U.S.C. §§ 431(8)(B)(x)(3), 431(9)(B)(viii)(3), 431(8)(B)(xii)(3) and 431(9)(B)(ix)(3). Commission Regulations provide that a contribution is not considered a "designated contribution" if the party committee disbursing the funds makes the final decision regarding which candidate or candidates receive the benefit of such disbursements. 11 C.F.R. §§ 100.7(b)(15)(iii), 100.8(b)(16)(iii), 100.7(b)(17)(iii) and 100.8(b)(18)(iii).

The Act provides that all contributions made by a person, either directly or indirectly, on behalf of a particular

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candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate for purposes of the limitations imposed by 2 U.S.C. § 441a. 2 U.S.C. § 441a(a)(8). Moreover, the intermediary or the conduit must report the original source and the intended recipient of such contribution to the Commission and the intended recipient. Commission Regulations define earmarking as:

> a designation, instruction, or encumbrance (including those which are direct or indirect, express or implied, oral or written) which results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's authorized committee.

11 C.F.R. § 110.6(b)(1984). The Commission Regulations require that earmarked contributions in excess of $50 must be forwarded to the intended recipient within 10 days of their receipt by the conduit or intermediary. 11 C.F.R. § 102.8. The Regulations contemplate that earmarked contributions are either passed on to the recipient candidate in the form of the contributor's check or passes through the conduit's bank account and to the recipient in a check from the conduit. 11 C.F.R. § 110.6(c)(1).

As noted, the Committee provided check copies for approximately 55 per cent of the contributions deposited into the Committee's two principal accounts. Out of these contributions, the audit identified:

(1) 23 contributions totaling $22,100 that were made payable to Reagan-Bush;

(2) 3 contributions totaling $1,050 that were made payable to Phil Gramm (a 1984 Republican senatorial

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candidate);

(3) 100 contributions totaling $85,300 with reference to Reagan-Bush on the memo line; and

(4) 9 contributions totaling $2,000 with reference to Phil Gramm on the memo line;

(5) 7 contributions totaling $2,900 that were made payable to William Clements, a nonfederal candidate.

According to the audit, the Committee's records did not show these contributions as being treated or reported as earmarked contributions, or as having been forwarded to the designated candidates or their committees.[9]

The Committee argues that although 33 of the above noted checks indicate a payee other than the Committee, the Committee believes that none of these contributions were earmarked for any particular candidate or committee. In support of this assertion, the Committee also submitted an affidavit of Keith Davis, an accountant for Huckaby & Associates assigned to the Committee's audit. In his affidavit, Davis states that the principals of the Committee have indicated that if a contribution was mailed to the Committee in response to one of its fundraising solicitations, the contribution was deposited into the Committee's federal account. If the contribution contained a different response device, it was forwarded to the individual for whom it was apparently meant. The Committee concludes that since it was the intended recipient of each contribution, the Committee reported each contribution in accordance with with the Act.

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9. Nine of these contributions totaling $5,450 are also included in the amount of corporate contributions.

The General Counsel disagrees with the Committee's position regarding these earmarked contributions. Whenever a person including a committee receives a contribution check made payable to a particular federal candidate or committee, the person or committee receiving the such check must either forward it promptly to the payee or return it to the payor. See, e.g., 2 U.S.C. §§ 432(b) and 441a(a)(8); 11 C.F.R. §§ 102.8 and 110.6. This procedure is required even if the check is received in response to a solicitation by the receiving committee on its own behalf. The check, not the solicitation, is generally the more important instrument regarding the account into which it may be deposited and whether the contribution is earmarked for a particular candidate, especially where the check is made payable to a candidate or candidate's committee. Thus, the Committee should have forwarded the $23,150 in contributions made payable to Reagan-Bush or to Phil Gramm to these respective candidates or their committees or returned them to the contributor.[10]

Moreover, the checks payable to the Committee with a clearly identified candidate's name in the memo line also constitute earmarked contributions under Commission Regulations. See 11 C.F.R. § 110.6(b). In this case, also, the Committee

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10. The General Counsel notes that the Reagan-Bush campaign had accepted public funding for the 1984 general election and, thus, could not accept private contributions, except for its legal and accounting compliance fund. This fact, however, did not relieve the Committee of its obligation either to forward or return these checks.

The checks made payable to William Clements are not included in this discussion because Clements was a candidate for state office. Thus, the Act and Regulations would not apply to these contributions.

deposited these contributions into its own account and did not forward them to the recipient candidates or return them to the contributors.

Nevertheless, with regard to both sets of earmarked contributions, the Committee made the final decision regarding on whose behalf these funds would be spent. Therefore, under the regulations regarding exempt activities, the use of these contributions would not appear to affect the ability of the Committee's payments to qualify for the exemptions. See, e.g., 11 C.F.R. § 100.8(b)(16)(iii)(1984). Nevertheless, the Committee failed to comply with the Act and regulations regarding the forwarding of $110,450 of these earmarked contributions.

4. **Campaign materials or phone banks may not be paid for with funds donated by the national committees for such purposes.**

Commission Regulations further provide that payments made by the national party committee for campaign materials and for voter registration and GOTV activities or payments from funds donated by the national party committee to the state committee for the purchase of campaign materials or voter registration and GOTV activities do not qualify for the exemption from contributions or expenditures. 11 C.F.R. §§ 100.7(b)(15)(vii) and 100.7(b)(17)(vii). If funds from the national party committee are used to purchase campaign materials and voter registration activities, these payments are subject to the limitations of 2 U.S.C. § 441a(d). The Committee's reports disclose it received $175,100 from the Republican National Committee in 1984. In particular, deposits of $17,500 on May 3, 1984, $50,000 on

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September 20, 1984, and $52,000 on November 2, 1984, were made into the Victory '84 account. As previously noted, this account was established solely to fund the Committee's purported "volunteer" activities. Because all of the funds deposited into this account were disbursed for theses purposes, the Committee necessarily had to have used at least $119,500 in national party funds to pay for these activities. Thus, the evidence shows the Committee's "volunteer" activities were partly funded by transfers from the Republican National Committee.

5. The Committee has not established that its payments relating to the October 2, 1984, Presidential Dinner qualify for the party-building exemption.

Nominees of the major parties for President and Vice President who elect to receive pubic financing for the general election may not accept private contributions. 26 U.S.C. § 9003. As noted, the national committee of the political party that nominates such candidates may, however, make certain limited expenditures on behalf of its nominees using private contributions. 2 U.S.C. § 441a(d). Commission regulations explain that the national party committee may make these expenditures through any designated agent, including state and subordinate party committees. 11 C.F.R. § 110.7(a)(4).[11]

Commission regulations recognize that a party's nominees often engage in party-building activities while a candidate for Federal office. Therefore, the regulations provide that a

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11. According to the Committee, the RNC did not authorize the Committee to make expenditures in behalf of the 1984 Presidential candidate pursuant to 2 U.S.C. § 441a(d).

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political party may make reimbursement for the expenses of a candidate who is engaging in party-building activities without the payment being considered a contribution to the candidate or an expenditure subject to the candidate's expenditure limitation. 11 C.F.R. § 110.8(e)(1). This exemption, however, is premised on the requirements that the event is a bona fide party event or appearance and no aspect of the solicitation for the event, the setting of the event, and the remarks or activities of the candidate in connection with the event were for the purpose of influencing the candidate's nomination or election. 11 C.F.R. § 110.8(e)(1)(i) and (ii).

The regulations also create a presumption that appearances before January 1 of the election year are presumptively party building while appearances after January 1 of the election year are presumptively for the purpose of influencing the candidate's election. 11 C.F.R. § 110.8(e)(2). In the latter case, any contributions or expenditures are governed by the Act's limitations. The regulations state that the presumption regarding appearances after January 1 of the election year "may be rebutted by a showing to the Commission that the appearance or event was, or was not, party-related, as the case may be." 11 C.F.R. § 110.8(e)(2)(iii).

The examination and audit identified $98,806.19 in payments made in connection with an appearance by President Reagan, then a candidate for re-election, at a dinner in Houston on October 2, 1984. The purpose of the dinner was to raise funds for the Committee's Victory '84 activities. The payments included: (1)

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a $8,955.39 check (No. 1790) to the U.S. treasurer for communications; (2) a $77,791.89 check (No. 1498) to Ogden Food Service for catering; (3) a $9,985.91 check (No. 1811) Freeman Companies for decorations; (4) a $2,000 check (No. 1207) to the City of Houston; and (5) a $73 check (No. 1296) to Bryan Cain for travel. Solicitations for this event were apparently prepared by a commercial vendor and mailed to recipients. The Committee, however, has not provided any copies of such solicitations, but only copies of the response items.

There appear to have been two basic response items for the dinner solicitation. One item related to selling individual tickets at $1,000 each to the "Texas Victory Gala." The other item sought to sell "one or more" tables at $10,000 each together with the contributor being able to attend a private reception with the President and being named a co-chairman of the event. Both of these items asked that checks be made payable to the "Victory '84 Fund."

The Committee has not provided a script of the President's speech at this event or other evidence regarding the setting of this event. Based on a review of News & Views, press coverage of his speech, however, was limited because on the day of the dinner the coverage of the President was dominated by his reaction to the indictment of his Secretary of Labor Ray Donovan. The Washington Post, in a news article under the by-line of Lou Cannon, did report that at the Houston fundraiser the President stated that he had "no apologies" for the successful invasion of Grenada the previous year. The article also quoted him as saying

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that in dealing with the Soviet Union, "our opponents...keep mistaking weakness for peace."

Thus, the Committee has not shown that the event in question was party related rather than for the purpose of influencing the election of Ronald Reagan as President of the United States. Accordingly, the Committee's payments relating to this event do not qualify for the party-building exemption.

6. Conclusion

The evidence demonstrates that the Committee received $488,000 in contributions that did not meet the limitations and prohibitions of the Act. In addition, it failed to maintain records for one-third of its contributions and could produce at the time of the audit check covering only 55 per cent of its receipts and reported other contributions as from the account holder rather than the person signing the check. Therefore, the audit was unable to fully determine the extent to which the Committee received contributions subject to the limitations and prohibitions of the Act. Although the evidence indicates that volunteers operated the phone banks, the evidence also shows that commercial vendors were extensively involved in the mail distribution of campaign materials on behalf of federal candidates. Moreover, the Committee received funds from the RNC that partly financed its activities. Furthermore, the Committee paid for expenses related to the appearance of President Reagan that the Committee has not shown qualify for the party-building exemption. Thus, the Committee has not established its claim that all of its approximately $3.2 million in payments for these

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activities qualify for the exemptions under the Act.

Accordingly, the General Counsel recommends that the Commission find probable cause to believe the Committee violated 2 U.S.C. § 441a(f) with regard to these payments. The General Counsel further recommends that the Commission find probable cause to believe the Committee violated 2 U.S.C. §§ 432(c), 432(d), and 434(b) regarding its recordkeeping and reporting errors; 2 U.S.C. §§ 441a(f) and 441b(a) and 11 C.F.R. § 102.5(a) regarding its receipt of impermissible funds; and 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 110.6 regarding its handling of earmarked contributions.

B. The Committee Did Not Make All Disbursements For Federal Election Activity From Its Federal Account.

Commission Regulations provide that when an organization finances activity in connection with both federal and nonfederal elections and decides to establish separate federal and nonfederal accounts, the organization must register the federal account with the Commission as a political committee. All disbursements, contributions, expenditures and transfers by the committee in connection with any federal election must be made from the federal account. 11 C.F.R. § 102.5(a)(1)(i). Commission Regulations further provide that administrative expenses shall be allocated between the federal and nonfederal accounts pursuant to 11 C.F.R. Part 106. Id. Commission Regulations provide that party committees that have established separate federal and nonfederal account shall allocate administrative expenses between the two accounts in portion to

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the amount of funds expended on federal and nonfederal elections or on another reasonable basis. 11 C.F.R. § 106.1(e). Although these regulations do not specifically include expenses for generic GOTV and voter identification activities, such expenses also require allocation between the federal and nonfederal accounts on a reasonable basis. See, e.g. Advisory Opinions 1978-10, 1978-28, and 1978-50.

The audit identified a $5,000 contribution made on October 16, 1984, from the Committee's nonfederal account to the Gerald R. Ford New Leadership Committee, a federal multicandidate political committee registered with the Commission. A refund was obtained from the Ford Committee on March 7, 1987. The Committee had re-contributed $5,000 to the Ford Committee on February 24, 1987, from its federal account. Thus, this contribution was not originally made from the proper account, and corrective action was not taken within a reasonable time.

The audit also identified three additional disbursements from the Committee's nonfederal account that appear to have been made, at least in part, in connection with federal elections: (1) a $150,000 payment on September 10, 1984, to the RNC, which the Committee asserted was its proportionate share of a general media buy made by the RNC for general advertisements encouraging Americans to support the Republican Party; (2) payments of approximately $80,000 of expenses incurred by the "Victory Fund Budget" for salaries, an election-night victory party, and ballot security expenses; and (3) payments of $317.88 to the RNC for travel and related costs to attend a finance workshop. The audit

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found that the Committee had not demonstrated that these disbursements were solely for nonfederal activity. Instead, the audit concluded that these disbursements should have been, at least partially, allocated between the Committee's federal and nonfederal accounts in accordance with 11 C.F.R. §§ 102.5(a) and 106.1.

With regard to the $150,000 payment to the RNC, John Maxwell, the Executive Director of the Republican Party of Texas at that time, in an affidavit states:

> The Committee's payment of $150,000 to the RNC...was for the Committee's proportionate share of a general advertising buy made by the RNC for advertisements encouraging American's [sic] to support the Republican Party.

The audit noted that the RNC reported the receipt of this payment as a refund or rebate received. Although it appears this payment was for a generic GOTV advertisement that was not otherwise allocable to any specific federal candidate, it nevertheless appears to be a payment to influence federal as well as nonfederal elections. Thus, this payment should have been allocated on a reasonable basis between the Republican Party of Texas's federal and nonfederal accounts, and the federal account should have paid its proportionate share. See 11 C.F.R. §§ 102.5(a)(1)(i) and 106.1(e). Instead, the nonfederal account apparently paid the entire amount allocated to Texas by the RNC.

Regarding the $317.88 in other payments to the RNC, Maxwell states that these payment "were reimbursements to the RNC for travel expenses and program costs for a Party employee to attend finance workshop sponsored by the RNC." He adds that "[t]his

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finance workshop was not related to federal candidate activities." This statement, however, does not preclude the likelihood that the workshop was related to federal election activity other than candidate activities. Therefore, it remains that, as with other administrative expenses, these reimbursements should have been allocated between the federal and nonfederal accounts in accordance with 11 C.F.R. §§ 102.5(a)(1)(i) and 106.1(e).

With regard to the approximately $80,000 in expenses incurred by the "Victory Fund Budget," John Maxwell in an affidavit notes that the "Victory Fund Budget" is synonymous with the Victory '84 program and that the Victory '84 program was a Committee project to raise and spend in support of volunteer voter registration and get-out-the-vote activities on behalf its party's Presidential, Vice Presidential and federal candidates. These expenses included salary expenses and the cost of an election night party. The Committee notes that the $80,000 was not established by the audit but based on an internal memorandum that indicated the nonfederal account would absorb from $65,000 to $80,000 in expenses. It describes the $80,000 figure as an estimate.

Maxwell explains that the salaries absorbed by the nonfederal account were for individuals who had completed their work on behalf of Victory '84 and were to be engaged only in activities relating to state and local elections. Instead of the estimated $80,000 figure, the Committee's own calculations determined that these individuals had been paid $55,929 from the Committee's federal account through the end of October and were later paid

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$16,112 from the Committee's nonfederal account for their services. According to the Committee, this breaks down into an allocation of 77.6% from the federal account versus 22.4% from the nonfederal account. The Committee argues that this allocation is acceptable since the Commission has previously acknowledged that an allocation of one-third from the federal account versus two-thirds from the nonfederal account is permissible.

According to Maxwell, the ballot security payments benefited all Texas Republican candidates, whether they were candidates for federal, state or local office. Prior to the nonfederal account's payments, the Committee's federal accounts had been paying all ballot security expenses incurred on behalf of Texas Republican candidates. The Committee argues that because the benefits of these payments were ballot-wide and because the Committee's federal accounts had been making all the payments, the Committee determined that the federal accounts had paid more than their proportionate share of the expenses. Accordingly, the Committee decided that its operating account would pay all ballot security expenses incurred during the last month of the 1984 election cycle.

As noted, expenses for GOTV activities and administrative expenses were required to be allocated between the federal and nonfederal accounts on a reasonable basis. Although the Commission had approved a variety of different allocation methods for such expenses, no instance has been discovered where the Commission approved the method employed here, i.e., for the

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federal account to pay the entire expense for a period of time during the election cycle and then for the nonfederal account to pay the entire amount for the remainder of the election cycle. Instead, the Regulations and Advisory Opinions appear to be based on the premise that these expenses will be individually allocated between the federal and nonfederal accounts as they occur. Moreover, in this instance the federal account ceased paying these expenses, and the nonfederal account began paying them, only shortly before the 1984 general election. Thus, the General Counsel concludes that the method used to allocate these expenses was not a reasonable or approved method, although it appears the gross amounts allocated and paid by the federal and nonfederal accounts were a reasonable allocation of the gross total for the year.

Therefore, the General Counsel recommends that the Commission find probable cause to believe the Committee violated 11 C.F.R. § 102.5(a) by making a contribution to a federal committee from its nonfederal account, by failing to allocate $150,317.88 in GOTV and administrative expenses between its federal and nonfederal accounts, and by impermissibly allocating GOTV and administrative expenses for ballot security and for an election night party between these two accounts.

C. **Because The Committee And The Harris County Victory Fund Were Affiliated Party Committees, A Written Joint Fundraising Agreement Was Not Required.**

Commission Regulations set forth certain procedures for joint fundraising activities involving both registered political committees and unregistered political organizations. 11 C.F.R.

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§ 102.17. The Regulations require a written joint fundraising agreement, the selection of a fundraising representative to keep records of the joint fundraising, and the filing of Schedules A that clearly indicate that the contributions reported represent joint fundraising proceeds. In addition, each participating political committee shall report its share of the net proceeds as a transfer-in from the fundraising representative and file Schedules A itemizing its share of the gross receipts as contributions from the original contributors to the extent required by 11 C.F.R. § 104.3(a). 11 C.F.R. § 102.17(c). Commission Regulations at 11 C.F.R.§ 102.6(a)(1)(ii) provide that a state party committee may make unlimited transfers to a subordinate party committee whether or not such committees are affiliated and at 11 C.F.R. § 102.17(c)(7)(ii) provide that if participants in a joint fundraiser are party committees of the same political party, expenses need not be allocated among the participants.

The audit identified a fundraising event involving the Committee and an unregistered political organization known as the Harris County Victory Fund. The event was entitled "Victory '84 James Baker Reception and Luncheon" and was held on August 14, 1984. The only information initially provided by the Committee about this event was an internal memorandum that listed expenses, total income, and each participant's share of the net income. The Committee did not identify the fundraising representative or provide copies of a written fundraising agreement, contribution records, or Schedules A that itemized the contributions.

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In response to the Commission's interrogatories, the Committee states that it handled all the contributions and expenditures in connection with this event. The Committee argues that no fundraising agreement was required between the Committee and the Harris County Victory Fund because the Committee could voluntarily hold a fundraiser and split the proceeds with the county committee. The Committee bases this conclusion on 11 C.F.R.§ 102.6(a)(1)(ii) and 11 C.F.R. § 102.17(c)(7)(ii). The Committee made five transfers to the Harris County Victory Fund after the fundraising event. The Committee notes that the Harris County Victory Fund reported five such transfers on June 19, 1984 for $2,000, July 11, 1984 for $10,000,[12] September 1, 1984 for $30,000, September 10, 1984 for $30,000 and September 25, 1984 for $45,000.[13] The Committee further argues that it was only required to report the contributions in connection with this event as contributions to the Committee and not as joint fundraising proceeds. Moreover, the Committee contends that the Harris County Victory Fund was only required to report its share of the proceeds from the joint fundraising as transfers from the Committee.

The General Counsel agrees that Committee may hold an event

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12. These first two transfers were made before the "Victory '84 James Baker Reception and Luncheon", held on August 14, 1984.

13. The Harris County Victory Fund reported a total of $117,000 in transfers from the Committee. The Committee's internal memorandum indicated that the Harris County Victory Fund's share of the joint fundraising proceeds was estimated at $120,454.49. The Harris County Victory Fund is not a respondent in this matter.

to raise funds for itself and an affiliated party committee, pay the expenses of the event itself, and transfer any portion of the proceeds to the affiliated party committee without the need to comply with the written fundraising agreement and other provisions of 11 C.F.R. § 102.17. Such an arrangement is recognized the the Regulations that permit unlimited transfers between affiliated party committees, while not requiring the allocation of fundraising expenses between such committees. Therefore, the General Counsel recommends that the Commission find no probable cause to believe the Committee violated 11 C.F.R. § 102.17 with regard to the James Baker Reception and Lunch fundraising event.

D. The Committee Made $5,000 Excessive Contributions To The Principal Campaign Committees Of Dick Armey And Beau Boulter Committee In 1984.

The Act provides that no multicandidate political committee shall make any contribution to any candidate for federal office with respect to any election which, in the aggregate, exceeds $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect at that time explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election" and that an undesignated contribution made after a primary election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (referencing 110.1(a)(2)).

The audit identified three contributions totaling $10,000

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made to two candidates that appeared excessive. Beau Boulter and Richard K. Armey were both candidates for the U.S. House of Representatives in the 1984 election cycle. The Committee disclosed a $5,000 contribution to the Boulter campaign committee made on June 22, 1984, designated for the primary election and a $5,000 contribution to this same committee made on September 18, 1984, designated for the general election. The Boulter Committee initially reported both contributions for the general election. The Committee made two separate contributions of $2,500 each to the Armey campaign committee on June 22 and July 26, 1984, designated for the primary election. The Committee disclosed an additional $5,000 contribution to Friends of Dick Armey ("Armey Committee") made on November 11, 1984, designated for the general election. The Armey Committee also initially reported each contribution for the general election.

According to the Committee, its contributions to these candidates were designated by it for the primary election election. They were made, however, after the May 5, 1984, Texas primary election and before the November 6, 1984, general election. The audit determined that there was insufficient documentation (1) to show that these contributions were designated in writing for the primary election, although reported as such by the Committee, and (2) even if so designated, to show that the recipient candidates had sufficient net debts outstanding at the time of these contributions.

Although the contributions in question were made to Boulter and Armey after the 1984 Texas primary election and before the

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general election, the Committee reported $5,000 in contributions for the primary election and $5,000 for the general election to both Boulter and Armey on its reports filed with the Commission. In an affidavit, Kevin Moomaw, who was political director of the Committee during 1984, stated that after contacting the candidate committees to determine if they had net debts outstanding: "[l]etters were then written to each committee forwarding the contribution check and designating which election to which [sic] the contribution should be designated." The Committee states, however, that it "retained no copies of the letters which designated the contributions to Beau Boulter and Dick Armey." Thus, the evidence regarding the designation of these contributions includes only the reports filed by the Committee and the Moomaw affidavit. The General Counsel concludes that this evidence is inadequate to establish that these contributions were designated for the primary election. Because they were made after the primary election and before the general election, they remain attributable to the general election and, when aggregated with the other contributions by the Committee to these candidates with respect to the general election, result in $5,000 in excessive contributions to each candidate. In addition to the question whether these contributions were designated for the primary election is the question whether the candidates had net debts outstanding from the primary election at the time they received these contributions.

The Armey Committee claimed an existing net primary debt of $15,500 in 1984, but it did not produce any documentation in

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support of its position other than its reports. In the 1984 July Quarterly Report, covering the period from April 16 to June 30, 1984, the Armey Committee disclosed debts of $15,500, which included a $15,000 bank loan guaranteed by the candidate and $500 owed for renting a truck. The bank loan was incurred on June 15, 1984, after the primary election. Four hundred dollars of the truck rental cost was carried over from the previous reporting period and an additional $100 was incurred during the July Quarterly reporting period. The 1984 Pre-Primary Report, covering the period from April 1 to April 15, 1984, disclosed that the only debt owed at the end of that period was $400 for truck rental. The 1984 October Quarterly Report, covering the period from July 1 to September 30, 1984, disclosed full repayment of the $15,000 loan on August 14, 1984. The remaining debt owed was $500 for truck rental.

Despite the claim that Armey Committee had net primary debts of $15,500, the reports do not support the treatment of the $15,000 loan as for primary election debts. As noted, the loan was not incurred until June 15, 1984, more than a month after the Texas primary. No evidence has been presented showing that the loan was used to pay primary debts. The only debt the Armey Committee had reported prior to obtaining the loan was the $500 for truck rental. Furthermore, a review of the relevant reports shows that the Armey Committee had sufficient cash on hand to retire any reported debts. The Armey Committee reported an ending cash on hand balance of $12,210.06 in its amended Pre-Primary Report, which covered the period ending on April 15,

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1984. The amended July Quarterly Report disclosed an ending cash on hand balance of $25,221.90. Thus, excluding the $15,000 loan obtained on June 15, 1984, and the $2,500 contribution from the Committee on June 22, 1984, the Armey Committee would still have had a cash balance of $7,721.90 on June 30, 1984.

Therefore, the Armey Committee does not appear to have had net debts outstanding with respect to the 1984 primary election at the time it received the two $2,500 contributions from the Respondent. Thus, even if the contributions are viewed as designated for the primary election, they still resulted in a $5,000 excessive contribution from the Committee with respect to the general election.

With regard to the Boulter Committee, the General Counsel notes that when it filed its 1984 July Quarterly Report it disclosed debts of only $2,104.16 and ending cash on hand of $3,635.64. Thus, it did not appear that the Boulter Committee had sufficient net debts outstanding when it received the $5,000 contribution from the Committee on June 22, 1984. In an amended 1984 July Quarterly Report filed in September 1988, after initiation of this enforcement matter, the Boulter Committee disclosed $9,069.89 in debts with no change in the cash on hand. It also amended the designation of the Committee's $5,000 contribution to show it as "Designated for Primary Debt." The added debts including those owed to Houston Data Center and Southern Political Consulting.

The Boulter Committee also submitted additional documentation regarding these debts that showed they were incurred before the

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May 5, 1984, primary election. Furthermore, the Boulter Committee demonstrated that as of the close of business on May 4, 1984, it had $2,873.81 in its bank account with at least three outstanding bills of $16,980.63. Payments were made on these bills after the primary so that by June 22, 1984, the date it received the $5,000 contribution from the Committee, the Boulter Committee still owed a total of $11,980.63 plus a loan owed to the candidate of $2,104.16. Although the Boulter Committee reported receiving $39,000 in contributions between May 5, 1984, and June 22, 1984, (not including the $5,000 from the Committee), all of these contributions were reported as designated for the general election. Therefore, the evidence shows that at the time the Boulter Committee received the $5,000 contribution from the Committee, it had sufficient net debts outstanding from the primary election to cover this $5,000 contribution. Both the Boulter Committee and the Committee state that an inquiry was made whether the Boulter Committee had sufficient debts at the time this contribution was made. As noted, the Committee has provided an affidavit that a letter accompanying this contribution designated it for the primary election, but it has not been able to produce a copy of this letter. The Committee, however, did report it as a primary election contribution, and the Boulter Committee subsequently amended its reports during the pendency of this matter to show it as a primary election contribution. Nevertheless, because the evidence regarding designation is inadequate,it appears that the $5,000 contribution to the Boulter Committee on June 22, 1984, should be attributable

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to the general election, resulting in $5,000 in excessive contributions with respect to that election.

Accordingly, the General Counsel recommends that the Commission find probable cause to believe the Committee violated 2 U.S.C. § 441a(a)(2)(A).

E. The Committee Failed To Report Correctly Receipts From Two 1982 Federal Candidates That Were Made As Reimbursements For Payments The Committee Had Made To The Candidates' Vendors.

The audit determined that the Committee failed to properly itemize three payments totaling $5,630.77 on behalf of two federal candidates, Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr., failed to itemize two receipts totaling $5,630.77 from the same two candidates and failed to itemize a payment of $3,630.77 on behalf of Wentworth in 1984. The Committee filed comprehensive amendments itemizing these receipts and payments as operating expenditures. These amendments were filed more than two years after the occurrence of the transactions.

An internal committee memorandum to John Maxwell noting the approval to pay the $3630.77 states in part:

> He [Wentworth] and several other Congressional candidates got together with Wayne, and I'm sure others, and made the agreement that as part of our volunteer effort, we would pay for work done at K. Rove's and Praxis List. The candidates wanted more work done once the project got underway, and it was agreed that they would pay the balance. Wayne seems to recall us being billed instead of the candidates for the sake of bookkeeping convenience on Mr. Rove's part. We billed the candidates ourselves.
>
> Early in 1983, Mr. Wentworth struck a deal with Wayne in that he would pay us what he owed us for the above mentioned work, if in turn we would turn around and pay some bills down in San Antonio that he was under a lot of pressure to pay. We paid these bills as part of the volunteer effort for his '82 election. There was some

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> issue as to whether we were going to pay for him in '82 as a coordinated expenditure but we had reached his limit.[14]

John Maxwell, in an affidavit, has stated that this memorandum did "not constitute all of the information presented to me regarding the three Committee expenditures totaling $5,630.77...." He does not elaborate, however, on what additional information was presented to him. The Committee further states that there are no records available regarding what the precise activity was and its dates. Moreover, the Committee does not have any copies of campaign materials produced by Karl Rove on behalf of Wentworth or Wyatt.

Although the Committee previously asserted that these expenditures qualified as exemptions to the definitions of contribution or expenditure as made in connection with volunteer activities, the Committee states that upon further examination the facts indicate that the payments by the Committee to Karl Rove for pieces produced on behalf of Wentworth and Wyatt do not constitute expenditures by the Committee because the Committee received funds from the two candidates to make these payments. The Committee argues that it was acting as a conduit for these

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14. Reports filed by the various party committees disclose that the National Republican Congressional Committee had expended $35,164 on behalf of Mr. Wentworth and $35,439 on behalf of Mr. Wyatt as coordinated party expenditures for the 1982 general election. The combined coordinated party expenditure limitation for the Committee and the Republican National Committee was $36,880. Thus, there remains $1,716 in coordinated party expenditure limitation available to the Committee with respect to Mr. Wentworth and $1,441 with respect to Mr. Wyatt. In addition, the Committee made direct contributions to the Wyatt campaign of $5,000 in 1982 and to the Wentworth campaign of $10,000 in 1982.

payments between the candidates and the vendors. The Committee notes that it received a payment from Wyatt in the amount of $2,000 which it in turn paid to Karl Rove on January 11, 1983 for work done on behalf of Wyatt. The Committee also received a payment from Wentworth in the amount of $3,630.77 which it in turn paid to Praxis List, a Karl Rove vendor, on February 9, 1984 for work done on behalf of Wentworth. The Committee argues that these payments were not contributions to these campaigns or coordinated party expenditures pursuant to 2 U.S.C. § 441a(d). The Committee argues that since the the funds used to pay Karl Rove and Praxis List were actually funds from Wentworth and Wyatt, the Committee did not designate these payments as on behalf of these specific candidates.

Despite the alleged purposes for these transactions, the Committee should have reported the receipts from the candidates as contributions and the payments to the vendors as contributions to the candidates' campaigns or as coordinated party expenditures on behalf of the candidates. Accordingly, the General Counsel recommends that the Commission find probable cause to believe the Committee violated 2 U.S.C. § 434(b) with respect to these transactions.

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III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 11 C.F.R. § 102.17(c).

2. Find probable cause to believe the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. §§ 432(c), 432(d), 434(b),

441a(a)(2)(A), 441a(a)(8), 441a(f), and 441b and 11 C.F.R. § 102.5(a).

7/6/90
Date

Lawrence M. Noble
General Counsel

23004094449932

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 10, 1990

Texans for Beau Boulter
Donald H. Wills, Treasurer
Box 50908
Amarillo, Texas 79159

RE: MUR 2598
Texans for Beau Boulter and
Donald H. Wills, as treasurer

Dear Mr. Wills:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission found reason to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b)(8), and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that these violations have 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.

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

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	MUR 2598
	)	

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter was generated by a referral that resulted from a Commission audit of the Texas Republican Congressional Committee ("TRCC") conducted pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit began in July 1985, and covered the period between January 1, 1983, and December 31, 1984. It was ascertained during the audit review that the TRCC had made certain contributions that were accepted by Texans for Beau Boulter during the 1984 election cycle, which appeared to be excessive. On August 30, 1988, the Commission found reason to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer ("Respondents") violated 2 U.S.C. § 441a(f) by accepting such excessive contributions.

On September 13, 1988, Respondents filed their response to the Commission's findings. The response included an amended 1984 July Quarterly Report and a letter of explanation from a campaign staff member. On October 18, 1989, based on the information submitted by Respondents, the Commission found reason to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8), in that Respondents failed to disclose complete and accurate information with regard to their debt status following the 1984 primary election in a timely

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manner. Respondents have not filed a response to this latest finding by the Commission.

II. ANALYSIS

The Federal Election Campaign Act of 1971, as amended, provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election," and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (Referencing 11 C.F.R. § 110.1(a)(2)).[1] Commission regulations at that time did not specify how campaign debts should be substantiated.[2]

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1.Although it was not effective in 1984, Commission regulations now require that a copy of the written designation be retained by the recipient committee. 11 C.F.R. § 110.1(l) [incorporating by reference Section 110.2(b)(4)]. Furthermore, the Commission has generally required that a copy of the written designation be provided.

2.In Advisory Opinion 1984-32 the Commission stated that "net debts outstanding" should be determined by finding the difference between (i) the total of the committee's debts and obligations incurred with respect to the primary election and (ii) the total of the committee's cash on hand and receivables available to pay those debts and obligations as of the date that a contribution designated for the primary election is made." This formula allows for the exclusion of contributions designated for the general election, but made before the

The Act further prohibits an officer or employee of a political committee from knowingly accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

The Act provides that each report filed by a political committee shall disclose the amount and nature of outstanding debts and obligations owed by such political committee. 2 U.S.C. § 434(b)(8). Commission regulations further stipulate that outstanding debts and obligations owed by a political committee shall be continuously reported until extinguished, and further that such debts shall be reported on a separate schedule with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 C.F.R. § 104.11.

Beau Boulter was a candidate for the U.S. House of Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Beau

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(Footnote 2 continued from previous page)
primary election takes place. The current regulations provide a method for the treasurer of a candidate's authorized political committee to calculate net debts outstanding. See 11 C.F.R. § 110.1(b)(3)(ii). It is noted that the onus is on a candidate's authorized committee to make such calculations with regard to the receipt of contributions after the date of the primary election, and not on the donor committee. See the Explanation and Justification for Contributions by Persons and Multicandidate Political Committees, 11 C.F.R. §§ 110.1 and 110.2, Federal Register, 52 FR 760, January 9, 1987.

Boulter for Congress,[3] received contributions from the TRCC during the 1984 election cycle, which totaled $10,000. On June 22, 1984, the TRCC made a contribution to Respondents in the amount of $5,000. On September 18, 1984, the TRCC made another contribution of $5,000 to Respondents.[4] The Texas primaries were held on May 5, 1984. Respondents initially reported each of the contributions received from the TRCC as for the general election in their financial disclosure reports filed with the Commission.

In their response, Respondents included an amended 1984 July Quarterly Report covering the period from April 16 through June 30, 1984, and a letter from Joan Schilling, a member of the 1984 Boulter campaign staff. Ms. Schilling's letter gives a detailed account of Respondents' primary election debt status as of June 22, 1984, the date of the contribution at issue. Respondents provided copies of invoices and other documents to support this account.

Ms. Schilling stated that Respondents were contacted by the TRCC in June 1984 regarding the status of debts incurred during the primary election. She stated further that, upon telling TRCC that "we had considerable," a contribution of $5,000 was

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3.By letter dated March 23, 1988, the name of this committee was changed to Texans for Beau Boulter. It is currently Mr. Boulter's Senate campaign committee.

4.The TRCC designated the June 22, 1984, contribution for the general election in its original report dated July 15, 1984. The TRCC filed an amended report on July 19, 1984, wherein it changed the designation of the contribution to the primary election. The TRCC designated the second $5,000 contribution for the general election in its financial disclosure reports filed with the Commission.

received from the TRCC. It appears, however, that when Respondents filed the original 1984 July Quarterly Report on July 17, 1984, the committee's outstanding net primary debts were not completely disclosed. The original report disclosed only a debt owed to the candidate for a loan in the amount of $2,104.16, and an ending cash on hand balance of $3,635.64. Thus, it appeared from a review of the original 1984 July Quarterly Report that Respondents had sufficient funds to pay off its debt to the candidate, without receiving additional contributions from the TRCC or any other donor. Ms. Schilling's account and the amended 1984 July Quarterly Report present a different status of primary debts. Ms. Schilling acknowledged certain reporting errors in this instance.

According to the amended 1984 July Quarterly Report, Respondents ended that reporting period owing a total of $9,069.89 in debts, and had an ending cash on hand of $3,635.64. The total amounts of receipts and disbursements were not changed from those disclosed in the original report filed; however, the election designation for certain receipts and disbursements was changed. Many contributions received prior to the date of the primary election that had been previously reported as for the general election were changed to show that they were for the primary election. The amended report also changed the election designation for the June 22nd contribution from the TRCC to report it as for the primary election with the notation "Designated for Primary Debt." The amended report also added a Schedule D that listed debts owed to Houston Data Center and

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Southern Political Consulting.

Ms. Schilling substantiated Respondents' net debts outstanding for the period in question with copies of receipts from certain creditors. The documentation presented shows that the debts claimed by Respondents were incurred before the May 5, 1984, primary election and are apparently chargeable to that election. As of the close of business on May 4, 1984, Ms. Schilling stated that Respondents had $2,873.81 in the bank account. The total of three of the "outstanding larger bills" on that date was $16,980.63.

The accounting further shows that payments on the above noted bills were made after the primary election, and as of June 22, 1984, the date of receipt of the $5,000 contribution from the TRCC, it appears that Respondents still owed a total of $11,980.63 to these creditors, plus a loan repayment to the candidate in the amount of $2,104.16. It was stated that as of May 7, 1984, after making a payment to Southern Political Consulting, total funds in the primary account equaled $886.50, which was apparently used to pay utility bills.

The beginning cash on hand disclosed for the 1984 July Quarter reporting period was $13,076.45. The total amount of itemized contributions designated for the primary election in the amended 1984 July Quarterly Report was approximately $16,600. All of these contributions, except the $5,000 from the TRCC, were received prior to the May 5 primary election date. The total amount of itemized contributions received between May 5, 1984 and June 22, 1984, was in excess of $39,000, excluding the $5,000

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contribution from the TRCC. All of these contributions, except the $5,000 from the TRCC, are designated for the general election in the disclosure report. There is no information available to this Office about whether such contributions were designated in writing for the general election or whether, in compliance with the Act and Commission regulations, Respondents reported all undesignated contributions received after the date of the primary election for the general election. It is apparent, however, that Respondents used some of these funds to retire the primary debts.[5] Adding the beginning cash on hand total of $13,076 with the approximate $16,600 in contributions designated for the primary election (which includes the $5,000 from the TRCC) yields an approximate total of $29,676 available for the primary election debts. Respondents disclosed making at least $35,500 in disbursements connected with the primary election. It is noted

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5. Respondents use of funds derived from contributions for the general election is not problematic in this instance, as it appears that the contributions were lawfully received for the general election. As stated above, there is no evidence that such contributions were designated in writing for the general election. In the Explanation and Justification for the current regulations it was stated in the illustration that undesignated contributions made after a primary election count toward the general election "and do not automatically reduce the amount of net primary debts. However, the Committee may use such funds to pay primary debts if the undesignated contributions are properly received for the general election." See 52 FR 760 (January 9, 1987). See also Advisory Opinion 1976-60, where a candidate's committee was allowed to transfer a debt incurred by the candidate during his primary campaign to his general election campaign; Advisory Opinion 1986-12; and Advisory Opinion 1988-41, wherein it is stated that "a candidate and his or her principal campaign committee have wide discretion under the Act in making expenditures to influence the candidate's nomination or election." See also 2 U.S.C. § 439a and 11 C.F.R. § 110.1(b)(3)(iv).

that Respondents were also engaged in an active campaign for the 1984 general election. They disclosed making disbursements in excess of $47,000 between May 4, 1984, and June 22, 1984, for general election activity.

Based on the foregoing information provided by the respondents, it appears that the Boulter Committee had sufficient net debts outstanding from the primary election to justify the acceptance of the June 22nd contribution of $5,000 from the TRCC. However, neither the Boulter Committee nor the Texas Republican Congressional Committee has produced sufficient evidence that this contribution was designated in writing for the primary election at the time the contribution was made. Kevin Moomaw, political director of the TRCC in 1984, has stated in an affidavit that a letter designating this contribution for the primary did accompany the check, but no copies of that letter were retained. The Boulter Committee has also been unable to produce such a letter. Therefore, this contribution remains attributable to the general election, resulting in a $5,000 excessive contribution from this contributor with respect to that election. Accordingly, the Commission should find probable cause that respondents violated 2 U.S.C. § 441a(f).

In addition, the information submitted by the Respondents, including the amended 1984 July Quarterly Report and the explanation letter by staff member Joan Schilling, show that the Respondents failed to disclose complete and accurate information with regard to their debt status following the 1984 primary election in a timely manner. Accordingly, the General Counsel

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recommends that the Commission find probable cause that the Respondents violated 2 U.S.C. § 434(b)(8).

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 441a(f).

2. Find probable cause to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8).

7/7/90
Date

Lawrence M. Noble
General Counsel

23040944943

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 10, 1990

Dick Armey Campaign
Mike Keeling, Treasurer
P.O. Box 85
Lewisville, Texas 75067

RE: MUR 2598
Dick Armey Campaign and
Mike Keeling, as treasurer

Dear Mr. Keeling:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission found reason to believe that the Friends of Dick Armey and Rick Woolfolk, as treasurer, violated 2 U.S.C. § 441a(f), and instituted an investigation in this matter. The Dick Armey Campaign and Mike Keeling, as treasurer, have been substituted as Respondents in this matter pursuant to Commission policy in that they are the successor principal candidate committee and treasurer, respectively.

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

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.

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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 John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Dick Armey Campaign and Mike Keeling, as treasurer	)	MUR 2598

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter was generated by a referral that resulted from a Commission audit of the Texas Republican Congressional Committee ("TRCC") conducted pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit began in July 1985, and covered the period between January 1, 1983, and December 31, 1984. It was ascertained during the audit review that the TRCC had made certain contributions that were accepted by the Dick Armey for Congress committee during the 1984 election cycle, which appeared to be excessive. On August 30, 1988, the Commission found reason to believe that Friends of Dick Armey and Rick Woolfolk, as treasurer ("Respondents") violated 2 U.S.C. § 441a(f) by accepting such excessive contributions.[1]

On September 19, 1988, Respondents filed their response to the Commission's findings. The response asserted that the Armey

1. The name and structure of the Armey committee has changed several times since the alleged violation in 1984. At the time of the alleged excessive contributions in 1984, the name of the principal campaign committee was "Dick Armey for Congress," with Gerald L. Mitchell as treasurer. This committee was terminated in October of 1986, and was succeeded by "Committee to Re-Elect Congressman Dick Armey" and then later "Friends of Dick Armey." The current name of the committee is the "Dick Armey Campaign with Mike Keeling as treasurer.

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committee had $15,500 in net outstanding debts at the time of the contributions, and that the contributions in question should have been designated as for the existing primary election debt.

II. ANALYSIS

The Federal Election Campaign Act of 1971, as amended, provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election," and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (Referencing 11 C.F.R. § 110.1(a)(2)).[2] Commission regulations at that time did not specify how campaign debts should be substantiated.[3]

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2.Although it was not effective in 1984, Commission regulations now require that a copy of the written designation be retained by the recipient committee. 11 C.F.R. § 110.1(l) [incorporating by reference Section 110.2(b)(4)].

3.In Advisory Opinion 1984-32 the Commission stated that "net debts outstanding" should be determined by finding the difference between (i) the total of the committee's debts and obligations incurred with respect to the primary election and (ii) the total of the committee's cash on hand and receivables available to pay those debts and obligations as of the date that a contribution designated for the primary election is made."

The Act further prohibits any candidate or political committee, or officer or employee of a political committee from knowingly accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

Dick Armey was a candidate for the U.S. House of Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Dick Armey for Congress, received two contributions from the TRCC after the 1984 primary election totaling $5,000. On June 22, 1984, the TRCC made a contribution to Respondents in the amount of $2,500. On July 26, 1984, the TRCC made another contribution of $2,500 to Respondents.[4] The Texas primaries were held on May 5, 1984. Respondents initially reported each of the contributions received from the TRCC as for the general election in their financial disclosure reports filed with the Commission. The TRCC made an

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(Footnote 3 continued from previous page)
This formula allows for the exclusion of contributions designated for the general election, but made before the primary election takes place. The current regulations provide a method for the treasurer of a candidate's authorized political committee to calculate net debts outstanding. See 11 C.F.R. § 110.1(b)(3)(ii). It is noted that the onus is on a candidate's authorized committee to make such calculations with regard to the receipt of contributions after the date of the primary election, and not on the donor committee. See the Explanation and Justification for Contributions by Persons and Multicandidate Political Committees, 11 C.F.R. §§ 110.1 and 110.2, Federal Register, 52 FR 760, January 9, 1987.

4. The TRCC designated both the June 22nd and July 26th contributions as being for the primary election in its report to the Commission. This is supported by an affidavit filed by Kevin Moomaw, political director of the TRCC in 1984. However, both of these contributions were reported by the Armey committee in its 1984 October Quarterly Report as being for the general election.

additional $5,000 contribution to the Friends of Dick Armey on November 11, 1984, designated for the general election.

In their response, Respondents maintain that the committee had an existing net debt of $15,500 at the time of the contributions. The response also admits that both contributions were designated as for the general election on its quarterly report, but states that this was a bookkeeping error and the funds should have been attributed to the primary election.

The Armey Committee claims an existing net primary debt of $15,500 in 1984, but it has not produced any documentation in support of its position other than its own reports filed with the Commission. In the 1984 July Quarterly Report, covering the period from April 16 to June 30, 1984, the Armey Committee disclosed debts of $15,500, which included a bank loan guaranteed by the candidate and $500 for a truck rental. The $15,000 loan was incurred on June 15, 1984, over a month after the primary election. The 1984 Pre-Primary Report, covering the period from April 1 to April 15, 1984, disclosed that the only debt owed at the end of that period was $400 for the truck rental. This $400 was carried over and an additional $100 was incurred during the July Quarterly reporting period. The 1984 October Quarterly Report, from July 1 to September 30, 1984, disclosed full repayment of the $15,000 bank loan on August 14, 1984. The remaining debt owed was the $500 for truck rental.

Despite the claim that the Armey Committee had net primary debts of $15,500, the reports do not support the treatment of the $15,000 loan as being for primary election debts. As noted, the

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loan was not incurred until June 15, 1984, more than a month after the Texas primary. The only debt reported by the Armey Committee prior to obtaining the loan was the $500 for truck rental. No evidence has been presented showing that the loan was used to pay primary election debts. Furthermore, a review of the relevant reports shows that the Armey Committee had sufficient cash on hand to retire any reported debts. The Armey Committee reported an ending cash on hand balance of $12,210.06 in its amended Pre-Primary Report, which covered the period ending on April 15, 1984. The amended July Quarterly report disclosed an ending cash on hand balance of $25,221.90. Thus, excluding the $15,000 loan obtained on June 15, 1984, and the $2,500 contribution from the TRCC on June 22, 1984, the Armey Committee would have still had a cash balance of $7,721.90 on June 30, 1984.

Therefore, the Armey Committee does not appear to have had sufficient net debts outstanding with respect to the 1984 primary election at the time it received the two $2,500 contributions from the TRCC. Neither the Armey Committee nor the Texas Republican Congressional Committee has produced sufficient evidence that these two contributions were designated in writing as being for the primary election at the time the contributions were made. Kevin Moomaw, political director of the TRCC in 1984, has stated in an affidavit that a letter designating these contributions for the primary election did accompany the checks, but no copies of the letter were retained. The Armey Committee has also failed to produce copies of any such letter. Thus, the

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two $2,500 contributions remain attributable to the general election, resulting in a $5,000 excessive contribution when aggregated with the later general election contribution made on November 11, 1984.

Based on the foregoing information provided by the Respondents, the Armey Committee did not have sufficient net debts outstanding from the primary election to justify the acceptance of the June 22nd contribution of $2,500 from the TRCC, nor the July 26th contribution of $2,500. Furthermore, it has not been established that these contributions were designated in writing as being for the primary election at the time the contributions were made. Thus, it appears that these two contributions to the Armey Committee were in excess of the Act's limitations, and therefore the Commission should find probable cause that Respondents violated 2 U.S.C. § 441a(f).

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe Dick Armey Campaign and Mike Keeling, as treasurer, violated 2 U.S.C. § 441a(f).

7/9/90
Date

Lawrence M. Noble
General Counsel

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RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

WILEY, REIN & FIELDING

90 JUL 19 PM 3:49

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

July 19, 1990

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Frania Monarski

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

Dear Mr. Noble:

I am in receipt of your letter of July 6, 1990 notifying me that the Office of General Counsel is prepared to recommend that the Federal Election Commission find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as Treasurer ("Respondents" or "State Party") violated the Federal Election Campaign Act of 1971, as amended in Matter Under Review ("MUR") 2598, and enclosing the General Counsel's Brief in this matter.

It has been more than a year and a half since Respondents have heard from the Commission with regard to this Matter, which involves the activity of the State Party from January 1, 1983 through December 31, 1984. Thus, Respondents must refamiliarize themselves with the facts of this matter which occurred six to seven years ago. Further, many of the employees of the Party with knowledge regarding this matter are no longer associated with the Party.

A responsive brief is currently due on July 26, 1990. In order to fully confer with our clients in Texas, as well as to locate the individuals with knowledge of the facts of this matter who are no longer employed by the State Party, and to enable Respondents to fully and fairly respond to the General Counsel's recommendations, we respectfully request a sixty day extension to an including September 24, 1990 within which to respond. This request will not prejudice the resolution of this matter in any way.

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Your favorable consideration of this request will be appreciated.

Sincerely,

Jan Witold Baran

cc: Fred Meyer
Martha Weisend

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OGC 7046

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JUL 25 AM 9:35

LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006
(202) 785-9500
FAX: (202) 835-0243

GEORGE D. WEBSTER
J. COLEMAN BEAN
ARTHUR L. HEROLD
ALAN P. DYE
EDWARD D. COLEMAN
BURKETT VAN KIRK
FRANK M. NORTHAM
GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES H. WATKINS
ROBERT M. SKELTON
HUGH K. WEBSTER
ANNE B. POPE

OF COUNSEL
CHARLES E. CHAMBERLAIN

July 24, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 JUL 25 PM 12:06

John Canfield, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2598

Dear Mr. Canfield:

As I told you on the phone, I will be representing the Dick Armey Campaign and Mike Keeling, as treasurer, in MUR 2598. A Designation of Counsel form is enclosed.

As we agreed, the Respondents will have an extension of time to August 3, 1990, within which to respond to the general counsel's probable cause brief.

I appreciate your cooperation.

Sincerely,

Frank M. Northam

Frank M. Northam

FMN:dla
Enclosure

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2598

NAME OF COUNSEL: Frank M. Northam

ADDRESS: Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W
Suite 1000
Washington, D.C. 20006

TELEPHONE: (202) 785-9500

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.

7-23-1990
Date

Dick Armey
Signature

RESPONDENT'S NAME: Dick Armey Campaign and
Mike Keeling, as Treasurer

ADDRESS: P.O. Box 85
Lewisville, TX 75067

HOME PHONE:

BUSINESS PHONE:

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 JUL 25 PM 3:13

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

July 25, 1990

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

SUBJECT: MUR 2598-Texas Republican Congressional Committee
Request for Extension of Time

By letter dated July 19, 1990, counsel for the Texas Republican Congressional Committee and Martha Weisend, as treasurer, requested an extension of 60 days in which to respond to the General Counsel's probable cause brief. Attachment 1. The letter explains that an extension is necessary for counsel and respondents to refamiliarize themselves with the facts in this matter, which relate to events six or seven years ago and to locate individuals no longer employed by the respondents.

The Office of the General Counsel recommends that the Commission grant the requested extension. We note that this matter is voluminous and complex as well as relating to events some years ago. The General Counsel's Brief itself covered 48 pages. Thus, counsel's request for this extension in this matter is not unreasonable.

RECOMMENDATIONS

1. Grant an extension of 60 days to the Texas Republican Congressional Committee and Martha Weisend, as treasurer.

2. Approve the appropriate letter.

Attachments
1. Request for Extension

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as treasurer.	)	MUR 2598

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 30, 1990, the Commission decided by a vote of 5-0 to take the following actions in MUR 2598:

1. Grant an extension of 60 days to the Texas Republican Congressional Committee and Martha Weisend, as treasurer, as recommended in the General Counsel's memorandum dated July 25, 1990.

2. Approve the letter, as recommended in the General Counsel's memorandum dated July 25, 1990.

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

Attest:

7-31-90
Date

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

Received in the Secretariat: Wed., July 25, 1990 3:41 p.m.
Circulated to the Secretariat: Thurs., July 26, 1990 11:00 a.m.
Deadline for vote: Mon., July 30, 1990 11:00 a.m.

dr

9304094457

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1990

Mr. Frank Northam, Esquire
Webster, Chamberlain and Bean
1747 Pennsylvania Avenue, N.W., Suite 1000
Washington, D.C. 20006

RE: MUR 2598
Dick Armey Campaign
and Mike Keeling, as
treasurer

Dear Mr. Northam;

This is in response to your phone call of July 19, 1990, with John Canfield of this office, requesting an extension of time to respond to the finding of Probable Cause by the Commission. As discussed during your phone conversation, the requested time extension has been granted, and your response is now due by the close of business on August 3, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: George F. Rishel
Assistant General Counsel

9304094449958

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 2, 1990

Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican Congressional
Committee and Martha Weisend,
as treasurer

Dear Mr. Baran:

This is in response to your letter dated July 19, 1990, which we received on July 19, 1990, requesting an extension of 60 days until September 24, 1990, to respond to the General Counsel's Brief. After considering the circumstances presented in your letter, the Federal Election Commission has granted the requested extension. Accordingly, your response is due by the close of business on September 24, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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LAW OFFICES
WEBSTER, CHAMBERLAIN & BEAN
1747 PENNSYLVANIA AVENUE, N. W.
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GERARD P. PANARO
JOHN W. HAZARD, JR.
CHARLES M. WATKINS
ROBERT H. SKELTON
HUGH K. WEBSTER
ANNE B. POPE

OF COUNSEL
CHARLES E. CHAMBERLAIN

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 AUG -3 PM 3:31

August 3, 1990

VIA HAND DELIVERY

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

Re: MUR 2598; In the Matter of
Dick Armey Campaign and
Mike Keeling, as Treasurer

Gentlemen:

Please find enclosed 10 copies of the Respondent's Brief Concerning Probable Cause in the above-referenced MUR.

Sincerely,

Frank M. Northam

FMN:dla
Enclosures

cc: Office of General Counsel
Federal Election Commission

93040944960

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
DICK ARMEY CAMPAIGN AND MIKE KEELING, as Treasurer	)	MUR 2598

RESPONDENTS' BRIEF
CONCERNING PROBABLE CAUSE

This brief is submitted on behalf of the Dick Armey Campaign and Mike Keeling, as treasurer ("the Respondents") in response to the General Counsel's probable cause brief dated July 9, 1990.

The General Counsel has recommended that the Commission find probable cause that the Respondents violated 2 U.S.C. §441a(f) based on transactions and events that occurred over six years ago. In so doing, the General Counsel has attempted to foist upon Respondents the burden of presenting records that no longer exist in order to refute the General Counsel's allegations. This is unreasonable in light of the Commission's own record retention regulations and the Respondents' inability to retrieve records that would support its defense.

The General Counsel contends that Respondents received excessive contributions from the Texas Republican Congressional Committee ("TRCC") during the 1984 election cycle because, according to the General Counsel, there is insufficient evidence

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to demonstrate that $5,000 of the TRCC contributions to Respondents were designated as being for the primary election and that Respondents had net debts outstanding from the primary election. The General Counsel bases his allegations on the reports filed by Respondents and contends that, since the Respondents are unable to provide any documentation other than those reports, it must be concluded that the General Counsel's analysis of what those reports reveal demonstrates a violation of 2 U.S.C. §441a(f).

In their September 19, 1990 response to the Commission's reason to believe finding, Respondents admitted that they had inadvertently reported two $2,500 contributions from TRCC as being for the general election. Respondents also asserted that they had net debts outstanding from the 1984 primary election but were unable to provide any records, other than FEC reports, to substantiate their assertion.

The General Counsel acknowledges that the TRCC designated the two contributions as being for the primary election in its reports to the FEC. The TRCC has also filed an affidavit stating that a letter designating the contributions for the primary election accompanied the contributions. However, because neither TRCC nor the Respondents are able to produce a copy of that letter, the General Counsel maintains that there is insufficient evidence to show that the contributions were designated for the primary election.

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The inability of the TRCC and Respondents to produce a copy of the letter does not form a reasonable basis for the General Counsel's conclusion. Both the Federal Election Campaign Act and the Commission's regulations require committee treasurers to maintain records for no more than three years. See, 2 U.S.C. §432(d); 11 C.F.R. 102.9(c) and 104.14(b)(3). In light of these record retention requirements, it is inappropriate for the General Counsel to draw an adverse inference from a respondent's inability to produce records that are more than three years old.

Yet, that is precisely what the General Counsel seeks to do in this MUR. In rejecting the TRCC's sworn affidavit, the General Counsel is recommending that the Commission adopt a rule of law that there is an irrebuttable presumption adverse to a respondent whenever a respondent cannot produce the documents that the respondent asserts would support the respondent's position. Such a rule might well be acceptable were the missing documents, on which a respondent sought to rely, less than three years old. However, where the documents are no longer required to be maintained under applicable statutory and regulatory provisions, it is unconscionable to draw an adverse inference from a respondent's inability to produce them.

The TRCC's reports and affidavit establish that the two $2,500 contributions made to Respondents in June and July, 1984 were designated for the primary election and that Respondents made an inadvertent record-keeping error in showing them as for the general election on its FEC reports.

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The Respondents are unable to locate the records reflecting receipts, disbursements, etc., during the 1984 election cycle and, therefore, cannot reconstruct the debt posture of Respondents following the May 5, 1984 primary election. Moreover, as the General Counsel concedes, there was no definition of "net debts outstanding" at that time. (Advisory Opinion 1984-32, to which the General Counsel refers, was not issued until August 17, 1984).

Because Respondents have no records, they cannot determine what methodology they used to determine "net debts outstanding" after the primary election, what the actual cash on hand balance was after the primary election, or what accounts payable were owed after the primary election. The fact that Respondents had cash on hand as of June 30, 1984, establishes nothing as to what the positive or negative balance was on May 6, 1984. Contrary to the General Counsel's assertion, the fact that the Respondents found it necessary to take out a $15,000 loan shortly after the primary election tends to demonstrate that there were outstanding debts after the primary election. That being the case, the contributions from the TRCC, designated for the primary election, were legitimate and permitted under governing law at the time.

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Conclusion

This MUR involves transactions that took place over six years ago and involves legal issues (e.g., interpretation of the

phrase "net debts outstanding") that had not been addressed by the Commission, either through regulations or advisory opinions, at the time of those transactions. It also involves "facts" that cannot be established either by the General Counsel or by the Respondents because of a lack of records. The only relevant fact that can be established is that TRCC's contributions were designated for the primary election, based on TRCC's FEC reports and affidavit. The General Counsel has chosen to reject the evidence supporting that fact and to reject any other explanation (if not supported by original documentation) that would lead to any conclusion other than that a violation of 2 U.S.C. §441a(f) occurred.

The General Counsel must bear the burden of establishing that a violation of law has occurred. He cannot satisfy that burden by rejecting evidence that does not favor the conclusion he wishes to reach nor by reliance on an irrebuttable presumption that a respondent's inability to produce supporting documents requires that factual issues be resolved adversely to the respondent.

The General Counsel has not carried his burden in this MUR and, therefore, the Commission should make a finding of no probable cause that Respondents violated 2 U.S.C. §441a(f).

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Dated this 3rd day of August, 1990.

Respectfully submitted,

By: Frank M Northam

Frank M. Northam
WEBSTER, CHAMBERLAIN & BEAN
1747 Pennsylvania Avenue, N.W.
Suite 1000
Washington, D.C. 20006
(202) 785-9500

Attorney of record for Respondents,
DICK ARMEY CAMPAIGN and MIKE KEELING,
as Treasurer

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OGC 7967

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

FACSIMILE
(202) 429-7049
TELEX 246349 WYRN UR

September 24, 1990

The Honorable Marjorie W. Emmons
Commission Secretary
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

Dear Madame Secretary:

Enclosed please find Respondent's Brief and ten copies in the above-captioned matter filed pursuant to 11 C.F.R. § 111.16(c).

Sincerely,

Jan Witold Baran

Encl.
cc: Ms. Martha Weisendl
Lawrence M. Noble, Esq. (3 copies)
Mr. Fred Meyer

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as Treasurer	)	MUR 2598
	)	
	)	

RESPONDENTS' BRIEF

The undersigned counsel, on behalf of the Texas Republican Congressional Committee and Martha Weisend, as Treasurer ("State Party") hereby file this Respondents' Brief in response to the General Counsel's Brief of July 6, 1990, in Matter Under Review ("MUR") 2598. The General Counsel's Brief recommends that the Commission find probable cause to believe that Respondents violated the Federal Election Campaign Act of 1971, as amended ("the Act"). Respondents urge the Commission to reject this recommendation, and find in lieu thereof no probable cause to believe.

I. STATEMENT OF THE CASE

This matter began as an audit of the State Party's federal accounts and involves activity undertaken by the State Party in the 1983-1984 election cycle. Because this matter arose as an audit, every aspect of the State Party's activities have come under scrutiny. The General Counsel's Brief addresses the following types of activity: recordkeeping and reporting; receipt of allegedly

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impermissible contributions; alleged federal activity from the State Party's nonfederal account; expenditures on behalf of federal candidates; and contributions to federal candidates. Due to the breadth and scope of this matter, each activity will be addressed in the order that it appears in the General Counsel's Brief. (This Respondent's Brief will attempt to follow the General Counsel's Brief's Headings when possible.)

II. ANALYSIS

A. Exempt Activity in General

1. Exempt Activity on Behalf of Specific Candidates

a. Phil Gramm, 1983 Special Election

The General Counsel's first finding involves expenditures of $14,912.12 for exempt volunteer activity on behalf of Phil Gramm during the 1983 Special Election for United States House of Representatives. The 1983 Special Election arose upon the January 6, 1983 resignation of Phil Gramm from his House Seat as a Democrat, and took place on February 12, 1983.

As attested to by John Maxwell, former Executive Director of the Texas Republican Party "[t]o the best of my knowledge, information and belief, the Committee organized a volunteer effort, including a mass mailing of campaign materials, in support of Phil Gramm's 1983 special election Congressional candidacy." Maxwell Affidavit at Exhibit 2 of

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the March 9, 1987 Response to Interim Report of the Audit Division (hereinafter "Maxwell Aff.") at ¶ 26. Furthermore as recognized in the General Counsel's Brief, p. 6, "[a]s a matter of established practice and policy, the Committee did not use commercial lists for any volunteer mass mailings." Maxwell Aff. at ¶ 13. Thus, in light of the fact that volunteers distributed this mailing using the State Party's list, the evidence indicates that these expenses were for exempt volunteer activity.

Nonetheless, because the State Party did not use its coordinated expenditure limit of $19,570 available to it in connection with the 1983 special election, the State Party has offered to amend its reports to assign these expenses to the category of coordinated party expenditures. See Response to the Interrogatories of the Federal Election Commission in MUR 2598, dated December 21, 1988, at p. 12. The General Counsel's Brief has accepted this proposal and states "[b]y making this amendment to its reports, the committee will be properly reporting these payments as expenditures on behalf of Gramm and within the applicable limitations." Brief at 7. Thus, as the State Party understands it, we are in accord on this matter.

b. 1984 GOTV and Voter Registration Activities

The General Counsel's Brief's discussion of the 1984 GOTV and voter registration activities conducted by the State

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Party appears to deal with two distinct activities, but does not itemize the amount of funds expended on each activity. Nonetheless, in an attempt to review the Brief's findings, these activities will be discussed separately.

(i) Volunteer Phone Banks

The State Party conducted a volunteer phone bank effort. This effort has been fully described in the Committees Response to the Interim Report of the Audit Division on the Texas Republican Congressional Committee (hereinafter "Response to the Interim Audit Report"). The General Counsel's Brief concludes that "the evidence supplied by the Committee demonstrates that the use of volunteers in operating the phone banks as part of its Victory '84 voter identification and GOTV efforts did satisfy the Act's requirements with regard to volunteer participation." Brief at 13. Thus, as we understand it, the State Party need not further address this issue in that this activity has been found to be in compliance with the Act.

(ii) Volunteer Exempt Mailings

The State Party also conducted volunteer exempt mailings on behalf of the 1984 candidates for election. While the General Counsel's Brief details the fundraising activities undertaken by the State Party so that it could raise funds to engage in exempt volunteer activities, the Brief identifies only three payments believed to be "made on behalf of Phil

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Gramm," and possibly subject to examination.1/ Since these are the only expenditures actually addressed in the Brief, each will be discussed below.

The first of these three payments of "$7,616.04 was made in connection with the Committee's 1984 GOTV efforts" and "does not mention Phil Gramm." Brief at 10 and 11. This expenditure, therefore, is clearly permissible under 2 U.S.C. § 431(9)(B)(ix) which exempts

> the payment by a State or local committee of a political party of the costs of voter registration and get-out-the-vote activities conducted by such committees on behalf of nominees of such party for President and Vice President.

The General Counsel's Brief does not question the legitimacy of this expenditure.

The second payment addressed in the Brief was for $37.00. This payment was made to the Election Administration of Williamson County, Texas for a list of registered Democratic voters and was properly treated as an operating expenditure. Again, the Brief does not question the appropriateness of treating this payment as an operating expenditure.

1/ The General Counsel's Brief engages in a lengthy discussion of the volunteers participation in the State Party's GOTV mailing and fundraising mailings despite the fact that there is no legal requirement for volunteers to participate in these activities. However, this discussion does prove the integral role volunteers played in the success of the Victory '84 program.

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Rather, the General Counsel's Brief appears to focus solely on the payment of $28,882.41 for a mailing to individuals identified through the volunteer phone bank as "Gramm favorables." The General Counsel's Brief concludes that "the extent of the volunteer participation in the mailing for the 1984 general election appears to be significantly less than such participation for the 1986 general election." Brief at 12. However, the level of activity engaged in by the State Party in 1986 is not the standard.2/ The standard is derived from the Act itself and the legislative history with regard to volunteer activities.

The Act states that:

> The payment by a state or local committee of a political party of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) used by such committee in connection with volunteer activities on behalf of nominees of such party . . .

do not constitute expenditures under the Act. 2 U.S.C. § 431(9)(B)(viii). See also 2 U.S.C. § 431(8)(B)(x). The

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2/ The only conclusion to be drawn from MUR 2377 as a matter of law is that amount of activity in that Matter was more than sufficient to satisfy the Act. However, that matter does not stand for the proposition that only the volunteer activity that was engaged in by the State Party in that Matter will suffice under the Act. If the Commission were to decide that it does stand for that proposition, then the Commission should promulgate regulations specifically identifying sufficient volunteer activity, as discussed above. In any event, the State Party could not possibly have been on notice that its activity in 1984 did not meet 1986 standards.

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Commission has issued a Regulation with regard to this volunteer activity exemption which states in pertinent part:

> The payment by a state or local committee of a political party of the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids or newsletters, and yard signs) used by such committee in connection with volunteer activities on behalf of any nominee(s) of such party is not an expenditure, provided that the following conditions are met.
>
> . . .
>
> (ii) The portion of the cost of such materials allocable to Federal candidates is paid from contributions subject to the limitations and prohibitions of the Act.
>
> . . .
>
> (iv) Such materials are distributed by volunteers and not by commercial or for-profit operations . . . .

11 C.F.R. § 100.8(b)(16) (emphasis added). See also 11 C.F.R. § 100.7(b)(15).

The regulations do not state that a specific number of volunteers are required for an activity to be considered volunteer activity; or that a specific quantity of time must be spent by volunteers on that activity to be considered volunteer activity; or that a specific type of activity be engaged in by volunteers in order to be considered volunteer activity as "envisioned" by Congress. To the contrary, both

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the Regulations and the legislative history of the Act, are silent as to these factors.3/

3/ The Committee on House Administration Report specifically addressed this exemption. The Report states in full:

> The purpose of this section is to encourage volunteers to work for and with local and state political party organizations. The cost of campaign materials purchased by a State or local party organization which support Federal candidates who have been nominated by a political party are not contributions to the Federal candidates if the campaign materials are used by the State or local party organization in connection with volunteer activities. To be eligible for the exemption, the campaign materials must be purchased by the State or local party committee. Campaign materials purchased by the national committee of a political party and delivered to a State or local party committee would not come within the exemption.
>
> The test for determining volunteer activities is twofold -- how the campaign materials are used and by whom. The bill excludes all general public communications or political advertising. Although the bill does give examples of campaign materials which are customarily used in connection with volunteer activities, the purchase of an item on that list does not automatically mean that the cost is exempted. For example, the cost of printing a party tabloid featuring Federal candidates would be exempted if the tabloid were distributed by volunteers at a shopping center or door-to-door. However, if the same tabloid were distributed by a commercial vendor, the cost of the tabloid would not be exempted. Since the purpose is to encourage volunteer participation, distribution by commercial or for-profit

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Further, an examination of the types of campaign materials which are customarily used in connection with volunteer activities evidences that Congress did not have certain "minimums" in mind when it passed this amendment to the Act. For instance, pins are campaign materials which may

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3/ (...continued)
operations is not exempted. Payments by the party organization for travel and subsistence or customary token payments by the party organization to individuals does not, however, remove the individual from the volunteer category.

A state or local party organization must use contributions which are subject to the prohibitions and limitations of the Act to pay for these campaign materials. However, if the campaign materials contain reference to both State and Federal candidates, the party organization may allocate the costs between the State and Federal candidates. The money used to pay the cost attributable to State candidates would be subject to State, not Federal law.

Finally, a party organization may not use contributions designated to be spent on behalf of a particular candidate or candidates to purchase campaign materials supporting such designated candidate or candidates. The basic test for determining whether a contribution has been designated is whether the contributor retains control over the funds. Since the purpose of this exemption is to promote party activity, the party, not the contributor, must make the final decision as to which candidate or candidates will receive the benefits.

H.R. Rep. No. 422. 96th Cong., 1st Sess. at 9 (1979). reprinted in FEC Legislative History of the Federal Election Campaign Fund Act of 1979 at 193 (GPO 1983).

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be purchased by the state parties without limit pursuant to the volunteer exemption for use in connection with volunteer activities. These pins are usually placed in bowls on volunteer's desks, or handed out by volunteers on street corners or at rallies to anyone willing to take them. The Commission has never suggested that a certain number of individuals must spend some specific minimum number of hours distributing buttons for them to qualify under the volunteer exemption.

Bumper stickers are also a classic example of campaign materials which are used in connection with volunteer activity pursuant to this exemption. Volunteers pass them out on street corners or at rallies to anyone willing to take them, or take them home and put them on their cars. The Commission has never suggested that any specific number of volunteers must participate in this activity, or that the volunteers must distribute the stickers or affix them in any particular fashion for them to qualify under the volunteer exemption. The same holds true for yard signs, hand bills, and posters. Each may be printed by a commercial printer, delivered to campaign headquarters by a commercial hauler, and then distributed by volunteers, as they deem appropriate.

The volunteer activity engaged in by the RPT in connection with these flyers on behalf of Phil Gramm is on its face much more extensive in terms of both time and effort than anything required of volunteers who handle pins, bumper

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stickers, and yard signs. Here, at a minimum, volunteers addressed, stamped or stuffed each envelope. See Maxwell Aff. at ¶ 9.4/

The General Counsel's Brief does not dispute that the volunteers played an essential role in the distribution of these flyers. Indeed, it is undisputed that without the participation of the volunteers, none of the letters could have been sent. Thus, the volunteers played precisely the role Congress envisioned. Therefore, while the Brief compares this volunteer activity with that found acceptable in MUR 2377 and those found unacceptable in MUR 2288, Respondents contend that contrary to the Brief's conclusion, this activity is equally as acceptable as the volunteer activity in MUR 2377.

As seen above, neither the Act nor regulations specify any minimum amount of volunteer activity, nor has the Commission issued regulations which identify specific activities which must be engaged in by volunteers. Moreover, the volunteer activity referred to in the legislative history required less effort than that given by these volunteers. Congress, as noted above, did not establish any minimum amount of volunteer activity. Quite to the contrary,

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4/ See also, footnote 4 of the Committee's December 21, 1988 Response to the Interrogatories of the Federal Election Commission: "as a rule volunteers were responsible for tasks such as picking up, unpacking, labeling, sorting, packaging, and delivering the volunteer mailings to the post office."

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Congress was attempting to assist state parties by expanding the use of volunteer activities.5/ Nor, as also noted above,

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5/ In speaking of this 1979 amendment to the Act, Congressman Frenzel stated that:

> There are many changes in H.R. 5010 that I believe important, but none more important than the increased flexibility given to our State and local party committees.
>
> These committees, Mr. Speaker, were virtually excluded from the 1976 Presidential election. Some of the problems were recognized by President Carter and were made part of his election recommendations. The Kennedy Institute at Harvard made special note of the adverse effect our election law has had on the State and local party committees. Some similar thoughts were recently repeated by Dr. Herb Alexander, the dean of election law specialists.
>
> These are the broadest based units of political involvement in our election system. H.R. 5010 will permit them, in fact, encourage them to once again play an important role in electing Federal candidates.
>
> STATE AND LOCAL PARTY COMMITTEES
>
> H.R. 5010 makes the following changes for these party committees:
>
> . . .
>
> Second. Exempted activities. H.R. 5010 permits payments for campaign materials such as: pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs. The bill will also allow payments for costs of voter registration and get-out-the-vote activity when done on behalf of their Presidential ticket. These party

(continued...)

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do the Commission's own Regulations establish any such minimum standard of volunteer activity. As described above, the volunteer activity was integral to the distribution of the materials. Thus, any conclusion that these mailers were not the result of volunteer activities is insupportable under the circumstances. In sum, this volunteer activity fits squarely within the exemption provided by 2 U.S.C. § 431(9)(B)(viii), and is precisely what was contemplated by Congress when it passed this exemption, if not above and beyond all expectation.

If the Commission wishes to promulgate further Regulations establishing more specific standards consistent with the Act for volunteer activities by state and local parties, then it should do so. If the Commission wishes to ordain some particular function which volunteers must perform, then it should do so through regulation. Until that time, however, the Commission must accept the unchallenged

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5/ (...continued)
committees will not incur reporting obligation unless these payments are in excess of $5,000 during a calendar year.

Third. Volunteer activities. Additionally, H.R. 5010 extends the volunteer exemptions to all political party committees. . . .

125 Cong. Rec. H23814 (daily ed. September 10, 1979) (statement of Rep. Frenzel), reprinted in FEC Legislative History of the Federal Election Campaign Fund Act of 1979 at 445 (GPO 1983).

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evidence in the record that volunteers played a substantial and essential role in this Phil Gramm mailing.6/

B. Recordkeeping and Reporting

1. Contributions

The General Counsel's Brief alleges that the Committee failed to maintain required records for $1.5 million in contributions and failed to itemize all of its contributions requiring itemization and aggregation. This conclusion misconstrues the facts and is inconsistent with the Audit Division's requests and representations in this matter. Moreover, at a very basic level, no committee is required to keep records for 100% of its contributions unless each and every contribution is over $50. Obviously, with $4.7 million in activity, there could be contributions in amounts less than $50 which add up to a substantial sum of money. Thus, on its face, this statement with regard to the State Party's recordkeeping is an overgeneralization.

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6/ Again, it is important to underscore that the State Party did not need to use volunteers to assist it in its solicitations for funds. The General Counsel's Brief seems to ignore, or gloss over, the fact that much of the activity which it discusses constituted solicitations or get-out-the-vote pieces which do not require volunteer activity under the Act. The only volunteer mailing addressed is a single mailing on behalf of Phil Gramm. The State Party is not now, and never has been aware of any other mailing which is alleged to be exempt under the volunteer activity provisions of the Act and which now is being scrutinized under the volunteer activity exemption.

The General Counsel's Brief states the facts as follows:

> the Commission requested that the Committee provide complete contribution records for all of the contributions it received during the period covered by the audit. The Committee provided certain records. The Committee, however, failed to provide records relating to approximately $1.5 million out of $4.7 million in contributions received during the relevant period.

Brief at 15. This recitation is misleading in that the State Party did in fact supply all of the documents specifically requested by the Audit Division once the audit was underway. First, as noted in the Response to the Interim Audit Report, in direct response to meetings with Audit Division and requests from it, "the Committee instructed its bank to reproduce copies of all deposit slips and checks in an amount greater than $50 deposited into the Victory '84 account for the period from September 6 - December 31, 1984." Response at 2. Furthermore, the Response specifically noted that "[t]his period was selected because the Commission's audit staff informed the Committee during the 1985 exit conference that receipt records maintained for the Victory '84 account were accurate and complete through September 5, 1984." Id. at 2 n.1. The General Counsel's Report does not contest these facts, it simply ignores them.1/ For instance, Keith Davis

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1/ Note that the State Party had the capacity to produce these checks, but the Audit Division represented that it was not necessary. See Davis Aff. at ¶ 5 and 6. Thus, in effect, the General Counsel's Brief suggest that the State

(continued...)

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in his Affidavit before the Federal Election Commission dated September 21, 1990 (hereinafter "Davis Aff.") explains at ¶ 5 that:

> I specifically recall discussing these records with Steve Sanford, lead Auditor in charge of this Audit on two separate occasions: once informally and once formally during the exit conference. Mr. Sanford stated that the information provided by the State Party with regard to the Victory '84 account was complete and was deemed accurate through September 5, 1984. As a result, Mr. Sanford stated that the Audit Division could perform its audit of the State Party accounts with this information.

Moreover, with regard to the main operating account, the Committee did in fact produce all checks in amounts over $50.00. See Response to the Interim Audit Report at 4; Davis Aff. at 4. Thus, the State Party did comply with the Commission's request and did supply this information to the Audit Division to its satisfaction. Furthermore, while the General Counsel's Brief indicated that aggregation was performed by the State Party, it concluded that the State Party could not do so for the $1.5 million for which it did not produce documentation. The Committee did in fact perform an aggregation and itemization for all of the contributions which it was required to aggregate under the Act. See Davis

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1/ (...continued)
Party be sanctioned for the Audit Division's failure to require this information. Such an action would undeniably be inequitable.

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Aff. at ¶ 8. Thus, here again, the Brief is factually incorrect.

Finally, as noted above, under no circumstances must a treasurer keep records of contributions of less than $50.00. As the General Counsel's Brief itself notes; the treasurer need only "keep an account of the name and address of any person who makes any contribution in excess of $50 . . ..", Brief at 14. Thus, never must a committee have contributor information for 100 percent of its contributions. The Commission cannot require the State Party to provide information which it has no statutory obligation to keep. And, in any event, here, the Audit Division concluded that it had sufficient information upon which to perform the audit to its satisfaction. The General Counsel's Office cannot now claim that it did not. "In sum, copies of all checks requested by the Audit Division were produced by the Republican Party of Texas. Had the Audit Division requested every check over $50, they would have been provided." Davis Aff. at ¶ 7.

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a. Alleged Impermissible Funds

The General Counsel's Brief alleges that the audit revealed 189 contributions from "apparent corporations." Brief at 18. This list was apparently derived through phone calls made by the Audit Division to the Texas Secretary of State. However, based upon research conducted by Respondent,

the Commission should not grant this list any probative weight. When the State Party itself inquired into the corporate status of a random sample of items on the list, it was informed that there was no such corporation, or that the company's corporate status had been forfeited well before 1984, or that no corporation existed until after the date of the contribution. See Davis Aff. at 10. In any event, in its calls the Audit Division apparently asked if there were any corporations with names at all similar to the names on the checks. There was no similarity in 50 percent of the cases. Thus, by the Commission's own admission, for nearly 50 percent of the list, the corporate name does not approximate the account holder's name. This information alone should have been sufficient to remove the contribution from this list of "apparent corporate" contributions. There is no presumption now, and has never been a presumption, that close counts.

Moreover, there has never been a presumption that an individual is inseparable from his or her corporation. "[I]t is inconceivable that a corporation would maintain a checking account that did not bear its corporate name." Davis Aff. at 9. Thus, there would be and is no reason to assume that without some legitimate indication that a contribution is being made from a corporate account, the legality of the

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contribution must be questioned.[8] This is not an exercise which a treasurer must engage in. Rather, only when a contribution bears indicia of potential illegality must a treasurer engage in further activity regarding the legality of that contribution. 11 C.F.R. § 103.3(b)(1). When a contribution does not appear to be illegal, it may be deposited without further inquiry.

The evidence of overreaching goes deeper. For instance, the list includes a $5,000 contribution from James J. Johnston. There is no basis for assuming that this contribution was anything but a personal contribution, even under the Audit Division's analysis. As evidenced in Attachment 3 to the Commission's Factual and Legal Analysis dated September 2, 1988, the Texas Secretary of State apparently identified only a corporation in Texas called H. G. Johnston Investment when the Audit Division inquired into James J. Johnston's status. There is no similarity between James J. Johnston and H. G. Johnston Investment. It is therefore inexplicable that this name appears on the list of apparent corporate contributions.[9]

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[8] The Audit Division states that it has listed the exact name of the account on which the contribution was drawn and only list the Corporate name if it is slightly different from the account holder. This is misleading. For instance, item 35 identifies William E. Carl as the account holder when, in fact, the corporate name is William E. Carl, Inc.

[9] As another example, the Audit Division included Robert J. Hewitt, Jr. on its list of apparent corporate

(continued...)

In addition, several checks listed as corporate checks designated the account as "special" under the account holder's name. These checks account for nearly $70,000 of the $189,000 on the "corporate" list. See Davis Aff. at 9. On this basis alone, the Audit Division believes that these accounts were corporate accounts. However, this is incorrect. To the contrary, in the experience of the State Party's auditors, when an account is designated as "special," it is in almost every instance an account containing personal funds and is not a corporate check. Id. "This holds true for other designations used by contributors to assist them in their personal financial recordkeeping, but do not in any way represent corporate funds." Id. Again, therefore, these contributions do not appear to be illegal, and thus there was never any need to take further action with regard to those contributions because no apparent illegality ever existed with respect to any of these contributions. These contributions account for more than $140,000 of the alleged "corporate" contributions identified by the Commission. See Id.

In addition, the State Party previously sent letters to three of the contributors on the list asking that they confirm the State Party's allocation between the contributor

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9/ (...continued)
contributions simply because he was an incorporator of Alcorn Productions. His status as an incorporator is completely irrelevant in this context.

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and their spouse, Sid R. Bass at Nos. 38 and 39, B. Gill Clements at No. 57, and David H. Rolke, Sr. at No. 64. The State Party received responses from each of these individuals, forwarded the originals to the Commission, and has properly reported these contributions. The Commission has been aware of this since 1987, yet the Brief is silent on this point. These individual's contributions alone account for $40,000 of these apparent corporate contributions, and were, in fact, contributions from personal funds.

Finally, with regard to those select few contributions which did indicate "Company" or "Inc." on the checks, the State Party has been at all times willing to transfer the appropriate amount of money to its non-federal account which may accept these contributions.10/ In fact, the State Party has already transferred $2,000 from Franklin Sylvester and Co., item No. 47, to its non-federal account; a fact of which the Commission was specifically informed in the State Party's December 21, 1988 Response to the Commission.

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10/ Of the 189 checks identified by the Commission as potentially corporate contributions, a maximum of $25,000 of the alleged $194,508 in corporate contributions may have come from corporate contributions.

In addition, more than 50 of the 189 checks were listed on another of the three schedules of apparently illegal contributions. Thus, the General Counsel's Brief is attempting to double charge these amounts which add up to over $25,000. There is no basis for this duplicate calculation of the possible excessive contributions.

2. Alleged Excessive Contributions

The General Counsel's Brief next raises the question of 66 alleged excessive contributions. Any dispute involving these contributions was fully resolved in early 1987 with the guidance of the Audit Division, a fact omitted (by mistake, Respondent's presume) by the General Counsel's Brief despite the fact that the Commission explicitly requested information about these contributions in its September 2, 1988 interrogatories, and that this information was provided by the State Party in its December 21, 1988 Response.

To repeat, after consultation with the Audit Staff, the State Party sent letters to each of the contributors identified by the Audit Staff as having made potentially excessive contributions and requested verification of the appropriate allocation of the contributions. See Response to the Interim Audit Report at p. 9. The Committee verified that 55 of the 66 contributions were not excessive. These contributions accounted for $235,200 of the contributions alleged to be excessive. As for the remaining $58,900 from the 11 donors from whom confirmation could not be obtained (mostly due to deaths), the Committee informed the Commission by letter dated May 1, 1987 that it had transferred this money to its non-federal account. See Response to Interrogatories at p. 17 and Attachment 3. The final transfer of this money took place in April 1987, more than three years ago. Thus, the State Party resolved this problem

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as soon as the Audit Division brought this issue to its attention.[11/]

a. Alleged Misreported Contributions

The Audit Division identified 200 contributions totaling $106,351 which it alleged were misreported. This statement also is largely incorrect. First, taking the law as stated in the General Counsel's Brief "[t]he Act requires political committees to report the identification of persons whose contributions aggregate more than $200 in a calendar year. 2 U.S.C. § 434(b)." Brief at 20. A review of the 200 items identified by the Audit Division as having been misreported reveals that more than two-thirds of these contributions were unitemizable contributions because they were for $200 or less. See Davis Aff. at 11. Thus, it is simply erroneous to suggest that these contributions were misreported.[12/]

Second, the list of 200 items contains several checks on which the Audit Division could not read the signatory. Id. In this circumstance, there is no reason to assume that the signatory was other than the account holder or that these contributions were incorrectly reported. Rather, the logical

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[11/] The Regulations found at 11 C.F.R. § 110.1(k) regarding the proper procedures for obtaining redesignations did not exist in 1983 and 1984, but were not promulgated until 1987.

[12/] As discussed above, aggregation of all contributions was done at the behest of the Audit Division. There has never been any suggestion that any of these allegedly misreported contributions were subject to aggregation.

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assumption is that the account holder and the signatory were one in the same, such that any itemizable contributions were correctly reported.

Third, the list includes several contributions from apparent partnerships or political action committees. Id. Never has the Commission required that such contributions be reported as from the signatory. Rather, these contributions are to be reported as from the PAC for instance and have not been misreported.[13/] This is just another example of overreaching.

Fourth, the list includes items upon which corrective action had already been taken. For instance, with regard to item 11 from Mrs. J. O. Winston which accounts for $10,000 of these contributions, a confirmation letter was turned over to the Commission on April 3, 1987 and this contribution was properly reported as $5,000 from Mr. Winston and $5,000 from Mrs. Winston. See Davis Aff. at 11. This is true for contributions from Vincent and Mary Kickerillo (items 28 and 29) and item 35 from Mr. and Mrs. Rolke. These account for $30,000 of contributions on this list. Id. Indeed, the list

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13/ For instance, the LTV Aerospace and Defense Fund found at items 134 and 143 is a federally registered political action committee. Had these contributions been required to be reported, they would have been appropriately reported from this PAC. A second example of an entry which does not belong on this list relates to Andrews and Kurth found at items 19 and 20. Andrews and Kurth is a partnership and the contributions were reported as having been allocated to two partners of the Firm.

does not appear to take spouses into account at all. For instance, while the Commission alleges that the contribution from John Hurd was incorrectly reported as being from Mrs. Hurd, it was actually reported as a $1,000 contribution from each in accordance with their response cards. Id.

Finally, the General Counsel's Brief itself noted that forty-four of these contributions are also listed as allegedly being from corporations. It is inconsistent to allege that these contributions were both misreported (to the extent that they were over $200) and that they were illegal. Both provisions could not have been violated.

3. Alleged Earmarked Contributions

The General Counsel's Brief concludes that there were several contributions which were meant to be earmarked to entities other than the State Party. Of the 142 checks identified by the Audit Division, 109 checks totalling $87,300 identified the State Party as the payee. Thus, these items were appropriately deposited by the State Party as contributions to the State Party. The fact that several of these checks reference either Reagan-Bush or Phil Gramm does not mean that these contributions were earmarked as the General Counsel's Brief concludes at 25.

Rather, these were notations identifying the solicitation to which the individual was responding. See December 21, 1988 Response to Interrogatories at pp. 3-5. Each of these contributions was solicited by the State Party

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for the State Party and each of these contributors intended to make a contribution to the State Party. Id. In order for a contribution to be earmarked the contributor must designate the contribution for a particular candidate, instruct the State Party to give the contribution to that candidate, or encumber the contribution under 11 C.F.R. § 110.6(b). Here, none of the contributors identified took any of these actions. Rather, the contributors made a notation on the memo lines which identified the State Party solicitation letter to which the contributor was responding. This is not the equivalent of an encumbrance.14/ Furthermore, the contributions were returned in envelopes provided by the State Party for that purpose and included response devices which clearly indicated that the contributions were for the State Party.15/

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14/ That the State Party properly treated these contributions is evidenced by the fact that many of the contributions referenced Reagan-Bush on the memo line. As the Brief correctly notes, Reagan-Bush could not accept contributions. It would therefore have defied logic for the State Party to have assumed that these were earmarked contributions as the General Counsel's Office asserts the State Party should have assumed. Rather, as logic required, the State Party properly understood these $85,300 in contributions to be contributions to the State Party in response to a solicitation which mentioned Reagan-Bush. This is equally as true for the $22,100 in contributions made payable to Reagan-Bush as discussed below.

15/ As previously noted in the State Party's Response to the Interrogatories, this practice is consistent with that adopted by the Commission with respect to 11 C.F.R. § 110.1(b)(4). The Explanation and Justification for this section states that "the contributor would be able to

(continued...)

This holds true for the remaining few contributions which indicated a payee other than the State Party. They too reflected the fundraising solicitation to which the contributor was responding and were accompanied by State Party response devices and were delivered in State Party envelopes. While the General Counsel's Brief discounts the response device as an important document, it unmistakably identifies the State Party as the recipient and solicitor of the contributions. A solid indication that the State Party is correct that these contributions were not earmarked is found in the example of John Stemmons whose name appears on this list. "[T]he State Party wrote to Mr. Stemmons asking him to confirm the State Party's allocation of the contribution between him and his wife. A response to this letter was also received and delivered to the Commission. Had Mr. Stemmons intended the contribution to be earmarked he would have indicated that fact rather than confirming the contribution as a contribution to the State Party." Davis Aff. at 12. In sum, given the abundance of evidence that these contributions were in fact all meant to be

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15/ (...continued)
effectuate a designation by returning a preprinted form supplied by the soliciting committee that clearly states the election to which the contribution will be applied, provided that the contributor signs the form, and sends it to the committee together with the contribution." 1 Fed. Election Camp. Fin. Guide (CCH) ¶ 864 (1987). Here, by sending a contribution to the TRCC with an attached response device, the TRCC was able to establish that the contribution was directed to the State Party.

contributions to the State Party, they were not earmarked within 11 C.F.R. § 110.6(b). The Committee properly reported them as contributions to the State Party and not to any other candidate or committee.

4. Payment for Campaign Materials Phone Banks

The General Counsel's Brief claims that "payments made by the national party committee for campaign materials and for voter registration and GOTV activities or payments from funds donated by the national party committee to the state committee for the purchase of campaign materials or voter registration and GOTV activities do not qualify for the exemption from contributions or expenditures," citing 11 C.F.R. §§ 100.7(b)(15)(vii) and 100.7(b)(17)(vii). Brief at 26. The General Counsel's Office concludes that "[i]f funds from the national party committee are used to purchase campaign materials and voter registration activities, these payments are subject to the limitations of 2 U.S.C. § 441a(d)." Id. This conclusion, which deviates from both the Act and Regulations, is wrong as a matter of law.

The Act states that such expenditures by State Parties are permissible "Provided, that . . . (3) such payments are not made from contributions designated to be spent on behalf of a particular candidate or candidates." 2 U.S.C. §§ 431(8)(B)(xii) and 43(9)(B)(viii). (Emphasis added). While the Act does not even mention transfers from national

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parties, the Regulations promulgated by the Commission which interpret these statutory provisions state that it is only when the national committee donates funds for voter registration and get-out-the-vote activities or for the purchase of such materials that they do not qualify as exempt activities. This restriction must be interpreted within the statutory scheme. In particular, a national party is permitted to make unrestricted transfers to a State Party for the State Party to use as it sees fit. It was never contemplated that there would be any restrictions on these transfers. Yet, the conclusion drawn in the General Counsel's Brief would bootstrap every single transfer made by a national party committee to a state party into an illegal contribution. There would be no point in permitting such transfers if, in and of themselves, they inhibit the ability of a State Party to engage in exempt activities. It is for this reason that the Regulations recognize that the funds must be designated for exempt activity in order for the activity not to come within the exemption. Any other conclusion would make a mockery of the regulatory scheme and render it superfluous.

Furthermore, the Brief's conclusion as to the use of the money is patently incorrect. The General Counsel's Office concludes that "[b]ecause all of the funds deposited into this account [Victory '84] were for theses [sic] purposes [volunteer activities], the Committee necessarily had to have

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used at least $119,500 in national party funds to pay for these activities." Brief at 27. This is a nonsequitor. Obviously the State Party had purely administrative and overhead costs which were paid for by the Victory '84 account in addition to costs for activities such as ballot access which are not considered exempt volunteer activities. A Committee does not just run itself, no matter what its stated purpose, and the fact remains that Victory '84 was part of the State Party which operates for many purposes. Thus, there is no evidence that the Committee funded any volunteer activities from RNC monies. To the contrary, from May 3, 1984, the date of the first transfer, the State Party made payments for the following administrative and overhead expenses from its Victory '84 account alone: $214,497.05 in salaries; $95,310.05 in rent; $16,255.63 in utilities; and $33,765.17 in general overhead costs. The sum of these amounts, $359,827.90, is more than three times the amount identified as having been transferred from the RNC to Victory '84. See Davis Aff. at ¶ 13. Thus, even if one were to accept the premise relied upon in the General Counsel's Brief that these funds could not be used for exempt activities, it is clear that they were not used for such activities.

5. Party - Building Activity

The Commission's Regulations specifically provide that the national or state parties may make reimbursement for

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certain political but non-campaign related party events. 11 C.F.R. § 110.8(e)(1). Such political events may be paid for by the party if they are a "bona fide party event or appearance" at which no aspect of the solicitation for the event, the setting of the event, and the remarks or activities of the candidate in connection with the event were for the purpose of influencing the candidate's nomination or election." Id. Although the Commission's regulations establish a presumption that party events occurring after January 1 of the election year are "for the purpose of influencing the candidate's election," that presumption may be rebutted by "a showing to the Commission that the appearance or event was, or was not, party related as the case may be." 11 C.F.R. § 110.8(e)(2)(iii). This Regulation, therefore, does not restrict the payment for any 1984 event by a state or national party entity, and, in particular, does not restrict the payment for the fundraiser held by the State Party for its own benefit at which the sitting President of the United States appears precisely because he was the President.

It is undisputed that the October 2, 1984 Presidential Dinner was a fundraiser for the State Party. It is further undisputed that the Dinner "was Victory '84's most successful fundraising effort." Affidavit of Linden T. Heck at ¶ 17, found at Attachment 8 of the Committee's Response to the Interim Audit Report. The General Counsel's Brief itself

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recognizes that the Dinner raised $1.8 million for the State Party. Thus, the expenses associated with the Dinner were fundraising expenses for obvious party-building activity.

Moreover, analyzing this event in light of the Standards adopted by the Commission in connection with the appearance by President Reagan at the VFW Convention in 1984, which the Commission found to be non-campaign-related, there is no doubt that this Texas event constituted party-building. The three sitting members of the Commission who found that President Reagan's speech to the VFW was not campaign-related (the fourth Commissioner to vote for that position is no longer in office) all agree that any "express advocacy" of a candidate's election, or any solicitation of contributions for a candidacy, constitute campaign-related activity. Statement of Reasons of Commissioner Lee Ann Elliott in MUR 1790 at pp. 5-6 (July 14, 1988); Statement of Reasons of Commissioners Joan D. Aikens and John Warren McGarry in MUR 1790 at p. 7 (July 13, 1988). Commissioners Aikens and McGarry would go further and also consider the timing, setting and purpose of an event under what they refer to as the "totality of circumstances" standard, id, while Commissioner Elliott would not apply such a standard in the case of an officeholder.

Applying these standards, there is no evidence that the President expressly advocated his election or defeat at the

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Presidential Dinner. The fact that the press coverage of this event indicates that the President said "our opponents . . . keep mistaking weakness for peace" is not evidence of express advocacy as the General Counsel's Brief implies. Indeed, the Commission has already found that the President's speech to the VFW the day after his nomination was not a campaign-related speech. As in that case, there is no evidence that the President expressly mentioned his candidacy, nor did he solicit contributions to his campaign.16/ Furthermore, there is no evidence, as there was in the VFW matter, that the President even echoed his "campaign theme" of a "springtime of hope" for America. Nor is there any evidence that the audience reacted as if his speech were a campaign speech, as there was in the VFW matter. Indeed, none of the press coverage which the Commission could point to even characterized the event as a campaign event, as did the press in the VFW case. Thus, the record is devoid of any evidence that this was a campaign event and complete with evidence that it was a party-building event.

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16/ Having accepted public funds, the President could not solicit contributions to his campaign.

G. Conclusion

The General Counsel's Brief overgeneralizes and makes conclusions not supported by the evidence. For instance, at the most basic level, the General Counsel's Brief asserts that there were $488,608 in excessive contributions identified without acknowledging that the State Party received verification that $235,200 in contributions had not been excessive and were appropriately reattributed by the State Party's contributors. But, more importantly the General Counsel's Brief alleged that the Committee misreported contributions when many of the contributions referred to were not itemizable; the General Counsel's Brief failed to recognize the inclusion of partnership and PAC contributions wrongly identified as illegal; the General Counsel's Brief assumed that personal contributions were magically made by corporations with a different name; the General Counsel's Brief assumed that contributions specifically made to the State Party, returned in State Party envelopes, and accompanied by State Party Response Cards, were actually earmarked because the contributor identified the mailing to which he or she was responding even when conclusive evidence exists of a contributor's intent to contribute to the State Party. The list could go on and on, but what it shows is a general disregard for the facts as well as for the Act and regulations. The Brief is full of mischaracterizations or omissions designed to make the

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Commission believe that the State Party did everything wrong. However, one need only look at the facts to know such a conclusion is wrong.

Furthermore, the General Counsel's Brief reiterates over and over again that the State Party provided checks covering only 55% of its receipts, as if repeating this would make it a meaningful statistic when it is not. In fact, the State Party provided all checks over $50.00 for which it was asked, and could have provided the remainder had they been requested. See Davis Aff. at ¶ 7. In addition, the General Counsel's Brief assumes that simply because the RNC transferred funds to the State Party, as it has the right to do, that these funds were used for volunteer activity. The evidence does not support this assumption, nor, even if it were true, would this, without more, have any legal significance. To the contrary, the evidence indicates that the State Party made more than $350,000 in operating and administrative expenditures from its Victory '84 account after receiving transfers from the RNC. No funds were transferred for the purchase of campaign materials or for GOTV activities as required by the Regulations.

Finally, the State Party fundraiser was indisputably party-building activity. There is simply no evidence to the contrary no matter what the General Counsel's Brief may grasp at.

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B. Disbursements for Federal Activity.

The focus of the next section of the General Counsel's Brief is three disbursements made from the Committee's non-federal account which the General Counsel believes were in connection with federal activity.

The first of these items was a September 10, 1984, payment for $150,000 to the RNC for a media buy encouraging Americans to support the Republican Party. There is no suggestion in the General Counsel's Brief that the entire $150,000 should have been attributable to the State Party's federal account, nor would such a suggestion have been appropriate. Indeed, the Brief acknowledges that this was a generic GOTV advertisement not otherwise allocable to any federal candidate. Brief at 33. Rather, the problem identified by the General Counsel's Office is that the "payment should have been allocated on a reasonable basis between the Republican Party of Texas's federal and nonfederal accounts, and the federal account should have paid its proportionate share." Id. It did. The Audit Division had approved a one-third federal to two-thirds nonfederal allocation. This means that $100,000 of this payment was appropriately made from the non-federal account. At the time of this payment there was nothing to prevent the nonfederal account from paying administrative costs and then being reimbursed by the federal account for its share. In accordance with this accepted practice, the federal account

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transferred $108,074.23 to its nonfederal account to reimburse it for the federal account's share of administrative cost for the month of September. See Davis Aff. at 14. This included a single payment of $78,074.23 to the non-federal account which incorporated the $50,000 owed to that account by the federal account for advertising fees. This was itemized on the State Party's general ledger which was available and in the possession of the Audit Division during the audit. Id. Note also, that the federal account's administrative costs in September were more than $58,000 greater than they had been in August, which confirms that the State Party paid its share of this cost.

The second payment questioned was for $317.88 for a finance workshop unrelated to federal activity. Even though the General Counsel's Brief acknowledges the Executive Director's statement that the workshop was not related to federal candidate activities, the Counsel's Office is not satisfied because the payment could have related to federal election activity. This parsing of language evidences a general disposition to find fault with the Committee and is inappropriate.

The worst example of the General Counsel's Office's predisposition to find fault with the State Party concerns the third payment questioned in the General Counsel's Brief. The nonfederal account paid approximately $80,000 in expenses for salaries, an election-night victory party, and ballot

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security expenses, all properly allocable expenses. The General Counsel's Brief concludes that "the gross amounts allocated for these items and paid by the federal [77.6%] and nonfederal [22.49%] accounts were a reasonable allocation of the gross total for the year." Brief at 36. Despite this conclusion, the Brief alleges that "the method used to allocate these expenses was not a reasonable or approved method," Id., and states only in support of this conclusion that "the Regulations and Advisory Opinions appear to be based on the premise that these expenses will be individually allocated between the federal and nonfederal accounts as they occur." Brief at 36. Yet, the Brief cites no Advisory Opinion or legislative history which supports this position. Moreover, the Regulations cited focus on the allocation method used, not on the timing of payments when, as here, an appropriate allocation method has been chosen. Thus, this baseless conclusion forces the State Party to underwrite all the allocable costs at issue even though it is required only to pay for one-third of these allocable costs and did in fact paid three quarters of these costs. This result alone underscores why the General Counsel's conclusion is erroneous.

Moreover, simply because the method used by the State Party had not been approved previously (because nobody had ever asked) does not mean that the method was

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unreasonable.17/ Rather, knowing that the federal account had paid more than its share of these costs, the nonfederal account should be permitted to pay the remaining costs without having to be concerned about receiving a one-third repayment from the federal account. In sum, the State Party employed a reasonable allocation method and its payments for administrative costs were consistent with this allocation method.

C. The State Party and Harris County Fundraising Event

Respondents agree with the Brief's conclusion as argued by the State Party that the "Committee may hold an event to raise funds for itself and an affiliated party committee, pay the expenses of the event itself, and transfer any portion of the proceeds to the affiliated party committee without the need to comply with the written fundraising agreement and other provisions of 11 C.F.R. § 102.17." Brief at 38-39.

D. Armey and Boulter Contributions

The State Party made verifiable primary debt contributions to the Principal Campaign Committees of Dick Armey and Beau Boulter. The Brief's conclusion that these contributions cannot be treated as debt retirement

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17/ The Commission itself in one of its Opinions recognized that "[t]he foregoing methods are not exhaustive of those that may be reasonable, but they are the methods you have asked the Commission to consider at this time." AO 1982-5, Fed. Election Camp. Fin. Guide (CCH) ¶ 5659.

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contributions is therefore inexplicable. Basically, the Brief concludes that the State Party must be held accountable for the representations made to it regarding primary debts, and, moreover, is held accountable if a candidate's principal campaign committee fails to fulfill its obligation and return contributions designated for a primary debt as required by the Act and Regulations. In fact, in the view of the General Counsel's Office, a committee can be held accountable even when there is a primary debt if the contribution is misreported. This result makes any contributor subject to the whims of the campaigns to which it has contributed, or to the misreporting of those campaigns. This sort of liability cannot be sustained.

First, as noted in the Brief, "[t]he Armey Committee claimed an existing net primary debt of $15,500 in 1984." Brief at 41. However, the Brief disputes the fact that the Armey Committee had such a debt. This is irrelevant. What is relevant is that the Committee held out to the State Party that it had such a debt, and that based on this representation, the State Party made a contribution to the Armey Committee toward debt settlement and reported it as such. Moreover, Kevin Moomaw stated in an affidavit signed under penalty of perjury that the State Party wrote a letter to the Armey campaign designating the contribution for primary debt after receiving confirmation that it had a debt. See Affidavit of Kevin Moomaw, at Attachment 17 of the

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Response to the Interim Audit Report, at ¶ 3 and 4. This evidence is sufficient to show an appropriate contribution to the Armey Committee. Unfortunately the Brief simply rejects this evidence without any basis for asserting that Mr. Moomaw's testimony was not credible.[18/] As a result, the Counsel's Office concludes that the State Party made an excessive contribution. However, the more appropriate remedy would be to conclude that the Armey Committee should have refunded the contribution designated for primary debt.

The Brief's treatment of the Boulter contribution is even more egregious. Unlike the Armey situation where the General Counsel disputes that the Committee had a debt, in the case of Boulter "the evidence shows that at the time the Boulter Committee received the $5,000 contribution from the Committee, it had sufficient net debts outstanding from the primary election to cover this $5,000 contribution." Brief at 44. Thus, in this instance, the Committee has provided sworn testimony that it wrote a letter designating the contribution for primary debt, and the Commission has confirmed that there was primary debt. There can be no explanation for rejecting these facts in favor of a finding of insufficient evidence as suggested by the General Counsel's Brief.

18/ The Commission apparently believed Mr. Moomaw with regard to five of seven candidates identified in the Interim Audit Report. It is therefore arbitrary not to believe him with regard to the remaining two candidates.

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E. Reporting of Wentworth and Wyatt Transactions

The State Party made payment to Karl Rove for expenses billed to Jeffrey Wentworth and Joseph Wyatt for which the Committee had received monies from Wentworth and Wyatt with which to make its payments. Thus, the Committee was acting as a conduit for payment in these circumstances and has amended its reports to show these transactions. Should the Commission decide that further amendments of the reports are required, the State Party will comply with this request.

Respondents respectfully request that the Commission critically examine the factual premises upon which the General Counsel's recommendations are based, many of which are simply incorrect, and act accordingly.

Respectfully submitted,

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Counsel for Respondents
Texas Republican Congressional
Committee and Martha Weisend,
as Treasurer

September 24, 1990

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BEFORE THE FEDERAL ELECTION COMMISSION

City of Washington)
) MUR 2598
District of Columbia)

AFFIDAVIT OF KEITH DAVIS

KEITH DAVIS, being first duly sworn deposes and says:

1. I am Keith Davis, an employee of Huckaby & Associates, an accounting firm. In 1985 Huckaby & Associates was retained to assist the Republican Party of Texas ("RPT" or "Party") and its federal committee, the Texas Republican Congressional Committee ("TRCC" or "Committee"), in responding to an audit of the committee's accounts by the Federal Election Commission (the "FEC" or the "Commission"). Subsequently I was assigned to be the lead accountant for Huckaby & Associates in that project.

2. As lead accountant, I worked closely with the members of the FEC's Audit Division in providing the information which it deemed necessary to perform an adequate audit of the Republican Party of Texas federal accounts.

3. As noted in the General Counsel's Brief, the Republican Party of Texas had two federal bank accounts. The first is referred to in the General Counsel's Brief as the main operating account. The second was known as the Victory '84 Account.

4. In the course of the audit, the Republican Party of Texas produced check copies of all contributions deposited in the Main Operating Account in excess of $50 as required by 2

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U.S.C. § 432(c), and as requested by the Audit Division. See, Exhibit 3 of the December 21, 1988 Response to the Interrogatories which includes a letter from Jane Matheson, former Executive Director of the Republican Party of Texas, requesting copies of all checks over $50.00 deposited in the main operating account between January 1, 1983 and December 31, 1984.

5. In addition, the members of the Audit Division staff had access to the complete contribution records retained by Victory '84 through September 5, 1984. I specifically recall discussing these records with Steve Sanford, lead Auditor in charge of this Audit on two separate occasions: once informally and once formally during the exit conference. Mr. Sanford stated that the information provided by the State Party with regard to the Victory '84 account was complete and was deemed accurate through September 5, 1984. As a result, Mr. Sanford stated that the Audit Division could perform its audit of the State Party accounts with this information.

6. As a direct consequence of this representation by Mr. Sanford, the Republican Party of Texas was not required to produce copies of check over $50 deposited into the Victory '84 account prior to September 6, 1984. However, the State Party did produce copies of all checks over $50 deposited into the Victory '84 account beginning September 6,

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1984 through the end of the audit period as requested by the Audit Division.

7. In sum, copies of all checks requested by the Audit Division were produced by the Republican Party of Texas. Had the Audit Division requested every check over $50, they would have been provided.

8. After obtaining all of this information, I and my staff amended the reports of the State Party. These amendments were prepared based on complete information and aggregated all contributions required to be aggregated under the Act.

9. The Audit Division identified several checks which it believed may have been corporate checks. As a preliminary matter, it is inconceivable that a corporation would maintain a checking account that did not bear its full corporate name. By the same token, simply because an individual lists his or her business address on a check has no bearing on the source of the funds as personal funds. Included within this list of apparent corporate contributions were 40 checks which were identified as "special" under the account holder's name amounting to $67,875 in contributions. There is no basis for concluding that these contributions were from corporate funds. To the contrary, in my experience, nearly 100% of the time that an account indicates "special," that account contains the personal funds of the account holder and is not a corporate check. Thus, there would be no basis for

2304094501 2

questioning the legality of such contribut: appear on their face to be individual cont: personal accounts representing personal fu: true for other designations used by contrib them in their personal financial recordkeep any way represent corporate funds. Thus, m in contributions identified by the Commissi corporate contributions, appear on their fa contributions from personal funds.

10. Further, I have conferred with th State's Office in Austin with regard to a r: the checks listed as apparent corporate con more than one half of the cases that I have been no corporation listed which corresponds holder despite the Audit Staff's allegation entity did exist. In one case which did ide corporation with a different name than the i item number 58, I was told that the corporat Fred L. Oliver and Co. had changed its name i and Boone, and in 1977 had forfeited its corp In another case, #29, Lee M. Bass was incorpo Bass, Inc. in March of 1985, not 1983 as stat In none of the cases which I checked was the corporation as identified by the Secretary of name of the account holder listed on Attachme

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11. I have reviewed Attachment 2 to the Commission's Factual and Legal Analysis dated September 2, 1988 which purports to list contributions allegedly misreported. Of the 200 items on that list, 142 were issued for $200 or less and thus were unitemizable contributions. The list also includes several entries upon which the signatory was identified as illegible. In this circumstance, there would be no reason to assume that the signatory was other than the account holder. In addition, the State Party sent letters in 1987 to three of the individuals on the list requesting that they confirm the State Party's allocation of the contribution between the contributor and their spouse. Each individual did so, and the contributions have been properly reported. The original forms were provided to Steve Sanford of the Audit Division on April 3, 1987. These contributions (items 11, 28, 29 and 35) account for $30,000 of the $106,351 on the list of allegedly misreported contributions.

Other errors on this list include items which have been properly reported, such as PAC or partnership contributions (see, e.g. items 19, 20, 134 and 143) and items which were evidently properly reported in accordance with response cards. (see, e.g., item 1).

12. I have reviewed Attachment 1 to the Commission's Factual and Legal Analysis dated September 2, 1988. As previously stated, none of these contributions were earmarked contributions. Evidence of this fact can be derived from

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item 4. While this check was issued to Reagan - Bush, the State Party wrote to Mr. Stemmons asking him to confirm the State Party's allocation of the contribution between him and his wife. A response to this letter was also received and delivered to the Commission. Had Mr. Stemmons intended the contribution to be earmarked he would have indicated that fact rather than confirming the contribution as a contribution to the State Party.

13. In addition, I have reviewed the State Party's reports from the period of May 3, 1984 through the end of 1984. These reports indicate that the State Party made $359,827.90 in payments for overhead and administrative expenses in that period from its Victory '84 account alone. The breakdown of those payments are as follows: $214,497.05 for salaries; $95,310.05 for rent; $16,255.63 for utilities; and $33,765.17 for general overhead costs such as electrical work, equipment purchases, building security, janitorial services, and office supplies.

14. Finally, I have reviewed the State Party's allocation of administrative expenses from March through September, 1984. The federal account reported payments for its share of administrative expenses in September in the amount of $108,074.22, over $58,000 more than it had been for the month of August. In fact, the State Party's General ledger, available to the Audit Division during the course of the Audit, specifically shows that the federal account paid

2304094501 5

one-third of the advertising expenses at issue in this matter through a transfer of $78,074.25 which incorporated this $50,000 payment to the nonfederal account.

The above statements are true to the best of my knowledge, information, and belief.

Keith A. Davis

Keith Davis

Signed and sworn to before me
this 21st day of September, 1990.

Roberta L. Barbee
Notary Public

My Commission expires: 1-31-93

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

EXECUTIVE SESSION

DEC 4 1990

In the Matter of	)	
	)	
Dick Armey Campaign and	)	MUR 2598
Mike Keeling, as treasurer	)	
	)	
Texans for Beau Boulter and	)	
Donald H. Wills, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by a referral that resulted from a Commission audit of the Texas Republican Congressional Committee ("TRCC") conducted pursuant to Section 438(b) of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit began in July 1985, and covered the period between January 1, 1983, and December 31, 1984. It was ascertained during the audit review that the TRCC had made certain contributions to the Dick Armey for Congress Committee[1] and to Texans for Beau Boulter during the 1984 election cycle, which appeared to be excessive. On August 30, 1988, the Commission found reason to believe that the Dick Armey Campaign ("Armey Committee") and Mike Keeling, as treasurer, and Texans for Beau Boulter ("Boulter Committee") and

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1. The name and structure of the Armey committee has changed several times since the alleged violation in 1984. At the time of the alleged excessive contributions in 1984, the name of the principal campaign committee was "Dick Armey for Congress", with Gerald L. Mitchell as treasurer. This committee was terminated in October, 1986, and was succeeded by the "Committee to Re-Elect Congressman Dick Armey" and then later by "Friends of Dick Armey". The current name of the committee is the "Dick Armey Campaign", with Mike Keeling as treasurer. The style of this MUR has been changed to reflect the most recent successor committee name and treasurer as respondents, as is the policy of the Commission.

Donald H. Wills, as treasurer, each violated 2 U.S.C. § 441a(f) by accepting excessive contributions.[2]

On September 19, 1988, the Armey Committee filed its response to the Commission's findings, asserting that a bookkeeping error caused the contributions in question to be reported as being for the general election. The Armey Committee also asserted that its campaign had sufficient net outstanding debts to justify the allocation of the contributions as being for the primary election.

On September 13, 1988, the Boulter Committee filed its response to the Commission's findings. The response included an amended 1984 July Quarterly Report and a letter of explanation from a campaign staff member. On October 18, 1989, based on the information submitted by the Boulter Committee, the Commission further found reason to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8), in that the Boulter Committee failed to disclose complete and accurate information with regard to their debt status following the 1984 primary election in a timely manner. The Boulter Committee did not file a response to this latest finding by the Commission.

On July 10, 1990, the General Counsel mailed briefs to both the Armey and Boulter Committees notifying them of the General Counsel's intent to recommend that the Commission find probable

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2. The Commission also found reason to believe that the TRCC violated 2 U.S.C. §§ 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f) and 441b(a); and 11 C.F.R. §§ 102.17(c), 102.8 and 102.5(a). TRCC recently filed its response to the General Counsel's probable cause brief and a General Counsel's Report will be forthcoming on this matter as it pertains to TRCC.

cause to believe against each respondent. The Armey Committee submitted a response brief on August 3, 1990. See Attachment 1. The Boulter Committee informed the General Counsel's Office on August 20, 1990 that it did not intend to submit a response brief.

II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended, provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election," and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984) (Referencing 11 C.F.R. § 110.1(a)(2)).[3] Commission regulations at that time did not specify how campaign debts should be substantiated.[4]

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3. Although it was not effective in 1984, Commission regulations now require that a copy of the written designation be retained by the recipient committee. 11 C.F.R. § 110.1(l) [incorporating by reference Section 110.2(b)(4)].

4. In Advisory Opinion 1984-32 the Commission stated that "net debts outstanding" should be determined by finding the difference between (i) the total of the committee's debts and obligations incurred with respect to the primary election and (ii) the total of the committee's cash on hand and receivables

The Act further prohibits an officer or employee of a political committee from knowingly accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

The Act provides that each report filed by a political committee shall disclose the amount and nature of outstanding debts and obligations owed by such political committee. 2 U.S.C. § 434(b)(8). Commission regulations further stipulate that outstanding debts and obligations owed by a political committee shall be continuously reported until extinguished, and further that such debts shall be reported on a separate schedule with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 C.F.R. § 104.11.

A. THE DICK ARMEY CAMPAIGN ACCEPTED EXCESSIVE CONTRIBUTIONS FROM THE TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE, IN VIOLATION OF 2 U.S.C. § 441a(f).

Dick Armey was a candidate for the U.S. House of

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(Footnote 4 continued from previous page)
available to pay those debts and obligations as of the date that a contribution designated for the primary election is made." This formula allows for the exclusion of contributions designated for the general election, but made before the primary election takes place. The current regulations provide a method for the treasurer of a candidate's authorized political committee to calculate net debts outstanding. See 11 C.F.R. § 110.1(b)(3)(ii). It is noted that the onus is on a candidate's authorized committee to make such calculations with regard to the receipt of contributions after the date of the primary election, and not on the donor committee. See the Explanation and Justification for Contributions by Persons and Multicandidate Political Committees, 11 C.F.R. §§ 110.1 and 110.2, Federal Register, 52 FR 760, January 9, 1987.

Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Dick Armey for Congress, received two contributions from the TRCC after the 1984 primary election totaling $5,000. On June 22, 1984, the TRCC made a contribution in the amount of $2,500. On July 26, 1984, the TRCC made another contribution of $2,500 to the Armey Committee.[5] The Texas primaries had been held on May 5, 1984. The Armey Committee initially reported each of the TRCC contributions as being for the general election in their reports filed with the Commission. Then, the TRCC made an additional contribution of $5,000 to the Friends of Dick Armey on November 11, 1984, designated for the general election.

In his response, the Armey Committee admits that both $2,500 contributions were designated on the quarterly reports as being for the general election, but states that this was a bookkeeping error and the funds should have been attributed to the primary election. The Armey Committee also asserts that Commission regulations only require a treasurer to maintain financial records for a period of three years. See 2 U.S.C. § 432(d); 11 C.F.R. §§ 102.9(c) and 104.14(b)(3). The Armey Committee also maintains that it had an existing net debt of $15,500 at the time of the contributions.

While claiming that it had an existing net debt of $15,500 at

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5. In their reports to the Commission, the TRCC designated both of these contributions as being for the primary election. This is supported by an affidavit filed by Kevin Moomaw, political director of the TRCC in 1984. However, both of these contributions were reported by the Armey Committee in its October 1984 Quarterly Report as being for the general election.

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the time of the contributions in 1984, the Armey Committee has not produced any documentation in support of its position, other than its own reports filed with the Commission. In its 1984 July Quarterly Report, covering the period from April 16 to June 30, 1984, the Armey Committee disclosed debts of $15,500, which consisted of a $15,000 bank loan guaranteed by the candidate and $500 for truck rental. The $15,000 loan was incurred on June 15, 1984, over a month after the primary election. The 1984 Pre-Primary Report, covering the period from April 1 to April 15, 1984, disclosed that the only debt owed at the end of that period was $400 for the truck rental. This $400 debt was carried over and an additional $100 was incurred during the July Quarterly reporting period. The 1984 October Quarterly Report, from July 1 to September 30, 1984, showed full repayment of the $15,000 bank loan on August 14, 1984. The remaining debt owed was the $500 for truck rental.

In his response brief, the Armey Committee states that it is unable to locate the records which reflect the receipts and disbursements during the 1984 cycle, and thus cannot reconstruct its debt status following the 1984 primary election. See Attachment 1. The Armey Committee also asserts that there was no definition of "net debts outstanding" at the time of these contributions. (Advisory Opinion 1984-32 was issued on August 17, 1984).

However, the reports filed with the Commission do not support the treatment of the $15,000 bank loan as being for primary election debts. As noted earlier, the loan was not incurred until

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June 15, 1984, more than a month after the Texas primary. The only debt reported by the Armey campaign prior to obtaining the loan was the $500 for truck rental. No other debts were disclosed at that time. No evidence has been produced showing that any other debts existed or that the loan was used to pay any primary election debts. Furthermore, a review of the relevant reports shows that the Armey Committee had sufficient cash on hand to retire any reported debts. In its amended Pre-Primary Report, for the period ending April 15, 1984, the Armey Committee reported an ending cash on hand balance of $12,210.06. The amended July Quarterly Report disclosed an ending cash on hand balance of $25,221.90; thus, even excluding the $15,000 bank loan and the $2,500 contribution from the TRCC on June 22, 1984, the Armey Committee still would have had a cash on hand balance of $7,721.90 as of June 30, 1984. Therefore, the Armey Committee did not have sufficient net debts outstanding with respect to the 1984 primary election at the time it received the two $2,500 contributions from the TRCC.

Additionally, neither the Armey Committee nor the TRCC produced sufficient evidence that these two contributions were designated in writing as being for the primary election at the time the contributions were made. The Armey Committee admits that a bookkeeping error resulted in the reporting of these contributions as being for the general election. The TRCC itself did report the contributions as being for the primary election on its reports filed with the Commission, and this is supported by an affidavit submitted by Kevin Moomaw, political director of the

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TRCC in 1984. Moomaw states that letters designating each contribution for the primary accompanied each check, but no copies of such letters were retained.

However, even if the Armey Committee or the TRCC could produce such letters, it is irrelevant to the fact that the Armey Committee itself reported the contributions as being for the general election, and that the Armey Committee did not have sufficient net outstanding debts from the primary election at the time those contributions were made.

The Armey Committee reported the two $2,500 contributions from the TRCC as being for the general election, thus causing the subsequent $5,000 contribution from TRCC to violate the limitations of the Act. In addition, the Armey Committee has not proven that it had sufficient net outstanding debts from the primary election to justify the acceptance of the two $2,500 contributions from the TRCC as being for the primary. The Armey Committee accepted $5,000 in contributions from the TRCC which were in excess of the Act's limitations, and therefore the General Counsel recommends that the Commission find probable cause that the Dick Armey Committee and Mike Keeling, as treasurer, violated 2 U.S.C. § 441a(f).

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B. TEXANS FOR BEAU BOULTER ACCEPTED EXCESSIVE CONTRIBUTIONS FROM THE TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE, IN VIOLATION OF 2 U.S.C. § 441a(f); AND FAILED TO DISCLOSE COMPLETE INFORMATION CONCERNING THEIR DEBT STATUS IN VIOLATION OF 2 U.S.C. § 434(b)(8).

Beau Boulter was a candidate for the U.S. House of Representatives from the state of Texas during the 1984 election cycle. His principal campaign committee at that time, Beau

Boulter for Congress,[6] received contributions from the TRCC during the 1984 election cycle, which totaled $10,000. On June 22, 1984, the TRCC made a contribution to Respondents in the amount of $5,000. On September 18, 1984, the TRCC made another contribution of $5,000 to Respondents.[7] The Texas primaries were held on May 5, 1984. Respondents initially reported each of the contributions received from the TRCC as for the general election in their financial disclosure reports filed with the Commission.

In their response, Respondents included an amended 1984 July Quarterly Report covering the period from April 16 through June 30, 1984, and a letter from Joan Schilling, a member of the 1984 Boulter campaign staff. Ms. Schilling's letter gives a detailed account of Respondents' primary election debt status as of June 22, 1984, the date of the contribution at issue. Respondents provided copies of invoices and other documents to support this account.

Ms. Schilling stated that Respondents were contacted by the TRCC in June 1984 regarding the status of debts incurred during the primary election. She stated further that, upon telling TRCC that "we had considerable," a contribution of $5,000 was received

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6. By letter dated March 23, 1988, the name of this committee was changed to Texans for Beau Boulter. It is currently Mr. Boulter's Senate campaign committee.

7. The TRCC designated the June 22, 1984, contribution for the general election in its original report dated July 15, 1984. The TRCC filed an amended report on July 19, 1984, wherein it changed the designation of the contribution to the primary election. The TRCC designated the second $5,000 contribution for the general election in its financial disclosure reports filed with the Commission.

from the TRCC. It appears, however, that when Respondents filed the original 1984 July Quarterly Report on July 17, 1984, the committee's outstanding net primary debts were not completely disclosed. The original report disclosed only a debt owed to the candidate for a loan in the amount of $2,104.16, and an ending cash on hand balance of $3,635.64. Thus, it appeared from a review of the original 1984 July Quarterly Report that Respondents had sufficient funds to pay off its debt to the candidate, without receiving additional contributions from the TRCC or any other donor. Ms. Schilling's account and the amended 1984 July Quarterly Report present a different status of primary debts. Ms. Schilling acknowledged certain reporting errors in this instance.

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According to the amended 1984 July Quarterly Report, Respondents ended that reporting period owing a total of $9,069.89 in debts, and had an ending cash on hand of $3,635.64. The total amounts of receipts and disbursements were not changed from those disclosed in the original report filed; however, the election designation for certain receipts and disbursements was changed. Many contributions received prior to the date of the primary election that had been previously reported as for the general election were changed to show that they were for the primary election. The amended report also changed the election designation for the June 22nd contribution from the TRCC to report it as for the primary election with the notation "Designated for Primary Debt." The amended report also added a Schedule D that listed debts owed to Houston Data Center and Southern Political

Consulting.

Ms. Schilling substantiated Respondents' net debts outstanding for the period in question with copies of receipts from certain creditors. The documentation presented shows that the debts claimed by Respondents were incurred before the May 5, 1984, primary election and are apparently chargeable to that election. As of the close of business on May 4, 1984, Ms. Schilling stated that Respondents had $2,873.81 in the bank account. The total of three of the "outstanding larger bills" on that date was $16,980.63.

The accounting further shows that payments on the above noted bills were made after the primary election, and as of June 22, 1984, the date of receipt of the $5,000 contribution from the TRCC, it appears that Respondents still owed a total of $11,980.63 to these creditors, plus a loan repayment to the candidate in the amount of $2,104.16. It was stated that as of May 7, 1984, after making a payment to Southern Political Consulting, total funds in the primary account equaled $886.50, which was apparently used to pay utility bills.

The beginning cash on hand disclosed for the 1984 July Quarter reporting period was $13,076.45. The total amount of itemized contributions designated for the primary election in the amended 1984 July Quarterly Report was approximately $16,600. All of these contributions, except the $5,000 from the TRCC, were received prior to the May 5 primary election date. The total amount of itemized contributions received between May 5, 1984 and June 22, 1984, was in excess of $39,000, excluding the $5,000

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contribution from the TRCC. All of these contributions, except the $5,000 from the TRCC, are designated for the general election in the disclosure report. There is no information available to this Office about whether such contributions were designated in writing for the general election or whether, in compliance with the Act and Commission regulations, Respondents reported all undesignated contributions received after the date of the primary election for the general election. It is apparent, however, that Respondents used some of these funds to retire the primary debts. Adding the beginning cash on hand total of $13,076 with the approximate $16,600 in contributions designated for the primary election (which includes the $5,000 from the TRCC) yields an approximate total of $29,676 available for the primary election debts. Respondents disclosed making at least $35,500 in disbursements connected with the primary election. It is noted that Respondents were also engaged in an active campaign for the 1984 general election. They disclosed making disbursements in excess of $47,000 between May 4, 1984, and June 22, 1984, for general election activity.

Based on the foregoing information provided by the respondents, it appears that the Boulter Committee did have sufficient net debts outstanding from the primary election to justify the acceptance of the June 22nd contribution of $5,000 from the TRCC. However, neither the Boulter Committee nor the TRCC has been able to produce the letter which allegedly accompanied the contribution designating it for the primary election. If this letter could be produced, then it would

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demonstrate that the Boulter Committee misreported this contribution as being for the general election. However, absent evidence that the contribution was designated for the primary, this contribution remains attributable to the general election, resulting in a $5,000 excessive contribution. Accordingly, the General Counsel recommends that the Commission find probable cause to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 441a(f).

Additionally, the information submitted by the Boulter Committee, including the amended 1984 July Quarterly Report and the explanation letter by staff member Joan Schilling, clearly demonstrate that the Boulter Committee failed to disclose complete and accurate information with regard to their debt status following the 1984 primary election in a timely manner. Accordingly, the General Counsel also recommends that the Commission find probable cause that Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8).

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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IV. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe the Dick Armey Campaign and Mike Keeling, as treasurer, violated 2 U.S.C. § 441a(f).

2. Find probable cause to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 441a(f).

3. Find probable cause to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8).

11/3/92
Date

LMNoble (7/2)
Lawrence M. Noble
General Counsel

Attachments:
Conciliation agreements (2)

Staff assigned: John Canfield

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Dick Armey Campaign and	)	MUR 2598
Mike Keeling, as treasurer;	)	
	)	
Texans for Beau Boulter and	)	
Donald H. Wills, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 11, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2598:

1. Find probable cause to believe the Dick Armey Campaign and Mike Keeling, as treasurer, violated 2 U.S.C. § 441a(f).

2. Take no further action with respect to the violation of 2 U.S.C. § 441a(f) by the Texans for Beau Boulter and Donald H. Wills, as treasurer.

3. Find probable cause to believe Texans for Beau Boulter and Donald H. Wills, as treasurer, violated 2 U.S.C. § 434(b)(8).

(continued)

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4. Approve the conciliation agreements attached to the General Counsel's report dated November 8, 1990,

5. Approve appropriate letters.

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

Attest:

12-14-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1990

Frank M. Northam, Esquire
Webster, Chamberlain and Bean
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

RE: MUR 2598
Dick Armey Campaign and
Mike Keeling, as treasurer

Dear Mr. Northam:

On December 11, 1990, the Federal Election Commission found that there is probable cause to believe your clients, the Dick Armey Campaign and Mike Keeling, as treasurer, violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with contributions from the Texas Republican Congressional Committee in 1984.

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

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 18, 1990

Texans for Beau Boulter
Donald H. Wills, Treasurer
c/o Mr. Beau Boulter
Box 50908
Amarillo, Texas 79159

RE: MUR 2598
Texans for Beau Boulter and
Donald H. Wills, as treasurer

Dear Mr. Boulter:

On December 11, 1990, the Federal Election Commission found that there is probable cause to believe Texans for Beau Boulter and Donald H. Wills, 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 your 1984 House campaign. The Commission also determined to take no further action against Texans for Beau Boulter and Donald H. Wills, as treasurer, with regard to the alleged violation of 2 U.S.C. § 441a(f).

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

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a

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meeting in connection with a mutually satisfactory conciliation agreement, please contact John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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MUR 2598
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH
91 JAN -7 AM 11:35

January 3, 1991

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JAN -8 PM 1:19

RE: MUR 2598
Texans for Beau Boulter and
Donald H. Wills, as treasurer

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Dear Mr. Noble:

In response to the Commission's December 18 notice of finding of probable cause in connection with the above captioned matter, please find enclosed Texans for Beau Boulter check number 1762 in the amount of $250, payable to the Federal Election Commission, together with the executed Conciliation Agreement.

Your letter of December 18, 1990, arrived in my office some time during the Christmas Holidays, and I have been out of the city until today; therefore I have not been able to return the Agreement to you earlier.

I trust that this Agreement and payment of civil penalty completely resolves this matter.

Sincerely yours,

Beau Boulter
Texans for Beau Boulter
P.O. Box 50908
Amarillo, Texas 79159

BB/ew
Enclosures
Conciliation Agreement
Check Number 1762

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
91 JAN 17 AM 11:11

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Mr. Beau Boulter.

The attached agreement contains no changes from the agreement approved by the Commission on December 11, 1990. A check for the civil penalty in the amount of $250 has been received.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Texans for Beau Boulter and Donald H. Wills, as treasurer.
2. Close the file as to this respondent.
3. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

1/14/91
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Conciliation Agreement
2. Photocopy of civil penalty check

Staff Assigned: John Canfield

93040945037

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texans for Beau Boulter and Donald H. Wills, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 22, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 2598:

1. Accept the conciliation agreement with Texans for Beau Boulter and Donald H. Wills, as treasurer, as recommended in the General Counsel's Report dated January 16, 1991.

2. Close the file as to this respondent.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated January 16, 1991.

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

Attest:

Jan. 22, 1991
Date

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

Received in the Secretariat: Thurs., January 17, 1991 11:11 a.m.
Circulated to the Commission: Thurs., January 17, 1991 4:00 p.m.
Deadline for vote: Tues., January 22, 1991 4:00 p.m.

dh

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 25, 1991

Beau Boulter
Texans for Beau Boulter
P.O. Box 50908
Amarillo, Texas 79159

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills,
as treasurer

Dear Mr. Boulter:

On January 22, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your behalf in settlement of a violation of 2 U.S.C. § 434(b)(8), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to Texans for Beau Boulter and Donald H. Wills, as treasurer.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texans for Beau Boulter and Donald H. Wills, as treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Texans for Beau Boulter and Donald H. Wills, as treasurer, ("Respondents") violated 2 U.S.C. § 434(b)(8).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in his matter.

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

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

1. Texans for Beau Boulter is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Donald H. Wills is the treasurer of Texans for Beau Boulter.

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3. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that each report filed by a political committee shall disclose the amount and nature of outstanding debts and obligations owed by such political committees. 2 U.S.C. § 434(b)(8).

4. Commission regulations further stipulate that outstanding debts and obligations owed by a political committee shall be continuously reported until extinguished, and further that such debts shall be reported on a separate schedule with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished. 11 C.F.R. § 104.11.

5. Respondents failed to disclose to the Federal Election Commission complete and accurate information with regard to their debt status following the 1984 primary election in a timely manner.

6. The information reflecting the complete and accurate debt status of the Respondents was not filed with the Federal Election Commission until an amended 1984 July Quarterly Report and letter of explanation were filed in September, 1988.

V. Respondents failed to disclose to the Federal Election Commission complete and accurate information with regard to their debt status following the 1984 primary election in a timely manner, in violation of 2 U.S.C. § 434(b)(8).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of two hundred fifty dollars ($250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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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 requirements 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.

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FOR THE COMMISSION:

LM Noble (JP2) — 1/25/91

Lawrence M. Noble
General Counsel

Date

FOR THE RESPONDENTS:

[signature]

Name
Position Candidate

January 3, 1991

Date

TEXANS FOR BEAU BOULTER
GENERAL
P.O. BOX 50906
PH. 806/376-2381
AMARILLO, TEXAS 79159

Amarillo National Bank

AMARILLO, TEXAS 1/3 19 91

1762

88-95
1113

PAY TO THE ORDER OF Federal Election Commission $ 250.00

Two Hundred Fifty and no/100 DOLLARS

BY ENDORSEMENT THIS CHECK WHEN PAID IS ACCEPTED IN FULL PAYMENT OF THE FOLLOWING ACCOUNT

MUR 2698		

TEXANS FOR BEAU BOULTER

Beau Boulter

"001762" :111300958: "53 796 8"

91 JAN 25 P 5:1

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Dick Armey Campaign and	)	
Mike Keeling, as treasurer	)	
	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by counsel for the Dick Armey Campaign and Mike Keeling, as treasurer.

The agreement has been signed by the counsel for the respondent, and a check for the civil penalty in the amount of $1500 has been received.

Therefore, the General Counsel recommends that the Commission accept the counteroffer and the signed conciliation agreement.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Dick Armey Campaign and Mike Keeling, as treasurer.

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2. Close the file as to this respondent.

3. Approve the appropriate letter.

1/25/91
Date

Lawrence M. Noble
General Counsel

Attachments
1. Conciliation Agreement
2. Photocopy of civil penalty check

Staff Assigned: John Canfield

93040945046

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Dick Armey Campaign and Mike Keeling, as treasurer.	)	MUR 2598

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 30, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 2598:

1. Accept the conciliation agreement with the Dick Armey Campaign and Mike Keeling, as treasurer, as recommended in the General Counsel's Report dated January 25, 1991.

2. Close the file as to this respondent.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated January 25, 1991.

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

Attest:

Jan. 30, 1991
Date

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

Received in the Secretariat: Fri., Jan. 25, 1991 5:19 p.m.
Circulated to the Commission: Mon., Jan. 28, 1991 11:00 a.m.
Deadline for vote: Wed., Jan. 30, 1991 11:00 a.m.

93040945047

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 1, 1991

Frank M. Northam, Esquire
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

RE: MUR 2598
Dick Armey Campaign and
Mike Keeling, as treasurer

Dear Mr. Northam:

On January 30, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Dick Armey Campaign and Mike Keeling, as treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Dick Armey Campaign and Mike Keeling, as treasurer, ("Respondents") violated 2 U.S.C. § 441a(f).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in his matter.

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

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

1. Dick Armey Campaign is a political committee within the meaning of 2 U.S.C. § 431(4), and is the successor principal campaign committee to the Dick Armey for Congress committee.

2. Mike Keeling is the treasurer of the Dick Armey Campaign. Gerald L. Mitchell was the treasurer of the Dick Armey

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for Congress committee at the time of the events in this matter.

3. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no multicandidate political committee shall make any contributions to any candidate for federal office with respect to any election which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). Commission regulations in effect in 1984 explained that "with respect to any election" meant that a contribution made after a primary election and designated for that election could be made "only to the extent that the contribution does not exceed net debts outstanding from the primary election", and that a contribution not designated in writing as for the primary election and made after that election would be considered as made for the general election. 11 C.F.R. § 110.2(a)(1)(1984).

4. The Act further prohibits any candidate or political committee, or officer or employee of a political committee from accepting a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions under Section 441a. 2 U.S.C. § 441a(f).

5. Respondents accepted two contributions from the Texas Republican Congressional Committee ("TRCC"); one on June 22, 1984 in the amount of $2,500, and another on July 26, 1984, also in the amount of $2,500. The Texas primary election had been held on May 5, 1984.

6. Neither the Armey Committee nor the TRCC has produced a copy of a letter which allegedly designated the two $2,500 contributions as being for the primary election at the time the

2304094505 1

contributions were made. Commission regulations in effect in 1984 provided that undesignated contributions made after the primary election would be designated towards the general election.

7. On November 11, 1984, the TRCC made another $5,000 contribution to the Armey Committee for the general election, resulting in a total of $10,000 in contributions for the general election.

8. The Respondents have not produced sufficient evidence that they had net debts outstanding from the 1984 primary election in an amount sufficient to justify the acceptance of the contributions totaling $5,000 from the TRCC. Therefore, these contributions are attributable to the general election.

V. Respondents accepted excessive contributions totaling $5,000 from the TRCC in violation of 2 U.S.C. § 441a(f).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of one thousand five hundred dollars ($1,500), 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.

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

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 1/31/91

FOR THE RESPONDENTS:

Name
Position Attorney for Respondents

January 16, 1991
Date

2304094505053

MUR 2598

DICK ARMEY CAMPAIGN
P. O. BOX 85 1288
LEWISVILLE, TX 75067

1256

32-79/1110

1-7 19 90

Pay to the order of FEDERAL ELECTION COMMISSION $ 1500 00

FIFTEEN HUNDRED AND NO/100 Dollars

YOUR ENDORSEMENT ON THIS CHECK ACKNOWLEDGES PAYMENT ON THE FOLLOWING ACCOUNT(S).

Dick Armey

First Interstate Bank

FIRST INTERSTATE BANK OF TEXAS, N.A. BEDFORD OFFICE #8 P.O. BOX 985 BEDFORD, TX 76095

"001256" "111000795" "08006222 19"

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F.E.C.
SECRETARIAT
92 MAY 13 PM 4:00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as treasurer	) MUR 2598	**SENSITIVE**
	)	
	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On August 30, 1988, the Commission found reason to believe the Texas Republican Congressional Committee ("Committee") and its treasurer[1] ("Respondents") violated 2 U.S.C. § 432(c), 432(d), 434(b), 441a(a)(2)(A), 441a(a)(8), 441a(f), and 441b(a), and 11 C.F.R. §§ 102.5(a) and 102.17(c) of Commission regulations and instituted an investigation into this matter. Respondents filed answers to the Commission's interrogatories and requests for documents, but did not make any response to the reason to believe findings or raise any arguments in an effort to demonstrate that no further action should be taken against them.

On July 6, 1990, this Office mailed the General Counsel's Brief to the respondents. In that brief the General Counsel recommended that the Commission find no probable cause to believe the Respondents had violated 11 C.F.R. § 102.17(c) and probable cause to believe on the remaining provisions on which reason to believe had been found. On September 24, 1990, the Respondents filed a response brief. In this brief the Respondents have raised defenses that they had not previously raised during the

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1. The initial findings in this matter were made with respect to Henry Santamaria, as treasurer. In accordance with Commission policy, the current treasurer Martha Weisend has been substituted as treasurer.

audit process or in response to the reason to believe findings.

On December 11, 1990, the Commission made probable cause findings with respect to two other respondents in this matter: Dick Armey Campaign and Mike Keeling, as treasurer; and Texans for Beau Boulter and Donald H. Wills, as treasurer. On January 22, 1991, the Commission accepted a signed conciliation agreement with Texans for Beau Boulter and closed the file with respect to this respondent. On January 30, 1991, the Commission accepted a signed conciliation agreement with the Dick Armey Campaign and closed the file with respect to it.

This report addresses the remaining issues in this matter as set forth in the General Counsel's Brief and the Respondents' Reply Brief. As noted above, the Respondents raised new defenses to some of the issues in their reply brief. Because this matter arises from events that occurred in 1984 and have been the subject of an audit and investigation as an enforcement matter, further investigation of the Respondents' claims in the reply brief are impractical. Respondents' arguments have been considered in making the recommendations in this report.

On further review of these issues, we recommend that the Commission find probable cause to believe the Respondents have violated 2 U.S.C. §§ 434(b), 441a(a)(8), 441a(f), and 441b and 11 C.F.R. § 102.5(a). We further recommend that the factual basis for these findings be limited by taking no further action on 2 U.S.C. § 434(b) regarding the contributions reported as made by the account holder rather than the person signing the check and regarding the payments made with respect to two 1982

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candidates; on 2 U.S.C. § 441a(f) regarding whether expenditures for volunteer campaign materials qualify as exempt payments; on 2 U.S.C. §§ 432(c) and 432(d) regarding recordkeeping of certain receipts; on 2 U.S.C. § 441a(a)(8) regarding the contributions payable to William Clements; on 11 C.F.R. § 102.5(a) relating to payments for ballot security, generic advertising, and a seminar fee; and on 2 U.S.C. § 441a(a)(2)(A) regarding contributions to two federal candidates. As noted in the brief, we also recommend that the Commission find no probable cause to believe regarding 11 C.F.R. § 102.17(c) relating to the joint fundraiser.

II. ANALYSIS

The General Counsel's Brief, dated July 6, 1990, is incorporated by reference into this report.

This analysis will follow the organizational format of the brief. The brief was organized around five major points:

(1) the Committee had not demonstrated that its disbursements qualified as exempt expenditures under the Act;

(2) the Committee did not make all federal disbursements from its federal account;

(3) a written joint fundraiser agreement was not required because the Committee and the Harris County Victory Fund were affiliated party committees;

(4) the Committee made excessive contributions to two federal candidates; and

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(5) the Committee misreported receipts from two 1982 federal candidates.

A. Exempt Expenditures

The brief included in its discussion of whether the Committee's disbursements qualified as exempt expenditures the questions of whether there was sufficient volunteer activity, the use of transfers from the national party, and the treatment of disbursements for a presidential dinner as well as the related questions of the Committee's recordkeeping and reporting, its receipts of excessive and prohibited contributions, apparently misreported contributions, and its handling of earmarked contributions.

1. Volunteer Activity

The General Counsel's Brief concluded that the use of volunteers in operating the phone banks apparently met the Act's requirements. The brief further concluded, however, that the Respondents had not demonstrated that the use of volunteers in the Committee's mailings was sufficient to qualify for the Act's exemption. The brief drew a distinction between the evidence in this matter relating to the 1984 election cycle and that in MUR 2377 involving the same Committee and relating to the 1986 election cycle (where the Commission had concluded there was sufficient volunteer activity). The brief noted that the volunteers in 1984 were apparently used only to address the envelopes or place a stamp on them and did not sort and bundle by zip code as they did in 1986.

The Respondents state that the "volunteers played precisely

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the role Congress envisioned."[2] They further contend that MUR 2377 or any other MUR is not the standard for judging the extent of volunteer participation. They note that the regulations do not set a requirement that a specific number of volunteers participate, that they spend a specific amount of time on the activity, or that they perform any specific tasks. They compare the degree of volunteer participation in the Committee's mailings on behalf of candidates with the near absence of such involvement regarding pins and bumper stickers, which they claim are clearly covered by the exemption. Respondents also claim there is no legal requirement for volunteers to participate in GOTV mailings or fundraising mailings. They also assert that we have not itemized the amounts spent on specific activities, such as the phone banks and the mailings.

This Office does not agree with the Respondents' arguments regarding the degree of volunteer participation necessary to qualify for the exemption. The Act, regulations, and legislative history require that materials be "distributed" by volunteers in order for payments related to such materials to qualify for exemption. Therefore, the Commission must examine in detail how materials are distributed to determine whether they have been distributed by volunteers or commercial vendors. That analysis will differ somewhat depending on how the pins, bumper stickers, or brochures are distributed, such as left on a desk for anyone

2. Respondents state that they will amend their reports to disclose the 1983 activity on behalf of Phil Gramm in the special House election as coordinated party expenditures.

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to pick up or sent as part of a mass mailing. Comparison with other enforcement matters is entirely appropriate in this endeavor.

Furthermore, we would acknowledge that the allocation regulations at 11 C.F.R. § 106.1 do not require volunteer participation for GOTV and fundraising mailings. This regulation, however, is qualified by the requirement that such activities are not on behalf of clearly identified candidates and are not attributable to such candidates in order to avoid being allocated to the candidates. Where such activities are undertaken on behalf of clearly identified candidates and become allocable to them, the question then becomes whether the "volunteer exemption" applies. Based on the information available to us, it appeared that most, if not all, of the Committee's GOTV and fundraising mailings clearly identified President Reagan, then a candidate for re-election, as well as other federal candidates, including Phil Gramm. We further note that the audit was not able to match all payments to specific activities because of the lack of sufficient records and documentation to do so. Many invoices and samples of mailings were not available.[3] The audit did identify $403,95.40 in expenditures to Karl Rove for direct mail apparently on behalf of

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3. Commission regulations permit a committee to keep a copy of a canceled check in place of an invoice. 11 C.F.R. § 102.9(b)(2). A canceled check, however, is often insufficient documentation to attribute a specific payment to a specific activity, especially when a committee expends $4.7 million on a wide variety of activities in an election cycle.

Reagan-Bush and $36,535.94 in expenditures primary to Karl Rove on behalf of a senate candidate.

In response to Commission interrogatories, the Respondents noted that one check for $7,616.04 was for a mailing piece included in both figures and that the piece did not mention the senate candidate, that a $37 payment was for a list of registered democrats in one county, and that the remainder was for "exempt volunteer mailing." The Respondents said they had no further documentation on these payments.

Notwithstanding the Respondents' arguments, this Office recognizes that at this point in time it is unlikely the Respondents or the Commission could uncover evidence to definitively establish whether or not these mailing qualify for the exemption. The activities in question took place in 1983 and 1984 and, as noted, it has not been possible to attribute specific payments to specific activity. Furthermore, after the General Counsel's Brief was sent in this matter, a majority of the Commission in MUR 3218 disagreed with the recommendations of this Office and concluded that the sorting and bundling by zip code was not essential to qualify for the volunteer mailing exemption. See Statement of Reasons by Vice Chairman Aikens and Commissioners Elliott and Josefiak and Statement of Reasons by Chairman McGarry in MUR 3218.

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2. Receipts

The General Counsel's Brief also questioned whether the Committee's exempt expenditures had been made from funds permissible under the Act and regulations, one of the requirements under the Act and regulations for activity to qualify for the exemption in addition to the volunteer participation requirement. The brief noted audit findings relating to the absence of contribution records and the failure to fully itemize and aggregate contributions, the receipts of prohibited and excessive contributions, and the reporting of contributions by the account holder rather than the persons who signed the checks. As noted in the brief, these findings also entailed separate violations of the Act and regulations.

(a) Recordkeeping and Reporting

As pointed out in the brief, the audit determined that the Committee was unable to produce contributor records for $1.5 million, out of a total of $4.7 million, in receipts. The audit also found that the Committee had not aggregated contributions deposited into its two federal accounts (main operating account and Victory '84 account) as well as numerous instances where itemization had not been performed. The Committee was able to produce checks covering only 55 percent of its $4.7 million in receipts. The Committee filed amendments to accomplish the aggregation and itemization for the contributions for which it had supporting records. These amendments, however, were filed

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after the audit had commenced on March 9, 1987, for periods covering 1983 and 1984 and, thus, were three to four years late.

The Respondents claim they provided copies of all the checks that they were requested to as part of the audit.[4] They submitted an affidavit from Keith Davis of Huckaby & Associates, an accounting firm hired by the Respondents to assist in the audit. Davis states in his affidavit that the Committee "produced check copies of all contributions deposited in the Main Operating Account in excess of $50 ... as requested by the Audit Division." He adds that the audit staff "had access to the complete contribution records retained by Victory '84 through September 5, 1984." He claims to have had two conversations with the lead auditor, who informed him that "the information provided by the State Party with regard to the Victory '84 account was complete and was deemed accurate through September 5, 1984." He adds that for this reason, the Committee was not required by the auditors to produce copies of checks in excess of $50 deposited prior to September 6, 1984. He states that the Committee did produce copies of all checks over $50 deposited into the Victory '84 account from September 6, 1984, through the end of the audit period. The Respondents also argue that treasurers are not required to keep records of contributions of less than $50. Thus, they assert that the "Commission cannot require the State

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4. As best as this Office can ascertain, it does not appear that Respondents had previously presented this argument to the Commission. The Respondents made no response to the reason to believe findings themselves as set out in the Factual and Legal Analysis, but merely provided a response to the specific questions that accompanied the reason to believe notification.

Party to provide information which it has no statutory obligation to keep."

This Office acknowledges the Respondents' point that they were not required to keep a record of contributions of less than $50. What has been pointed out is that the contributions for which records were not available constituted $1.5 million out of $4.7 million in receipts. We also note that the audit report stated that its review indicated that "almost $1.1 million of this remaining amount probably constitutes contributions or $50 or less per donation, but almost $400,000 in receipts remains totally unsupported except for bank statement entries." This acknowledgment tends to support the Respondents' assertion that they may have provided copies of all contribution checks of $50 or more for the majority of the amount in question. In view of the above, this Office now recommends that the Commission take no further action with respect to 2 U.S.C. §§ 432(c) and 432(d) regarding the recordkeeping of these $1.5 million in receipts. We recommend that the Commission find probable cause to believe the Respondents violated 2 U.S.C. § 434(b) for the failure to timely aggregate and itemize the receipts for which it filed amendments in 1987.

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(b) Prohibited Contributions

The brief noted that the audit had determined that the Committee had accepted 189 contributions totaling $194,508 from incorporated entities and had not refunded the contributions or transferred them to a nonfederal account within a reasonable time as required by the regulations in effect at that time.

Respondents dispute the proof that these contributions were corporate, claiming the reliance on the audit staff's calls to the Texas Secretary of State should not be given "any probative weight." They assert that when they inquired into the status of a random sample from the list, they learned that either no such corporation existed, that the corporate status had been forfeited before 1984, or that no corporation existed until after the date of the contribution. They also contend that contributions were put on the list if the name on the checks was similar to that of a corporation but that "close" does not count or create a presumption the contribution is corporate.

Respondents further assert that "simply because an individual lists his or her business address on a check has no bearing on the source of the funds as personal funds." They claim that the indication of "special" under the account holder's name on the check indicates that the funds are personal funds, not corporate funds. They claim this applies to approximately $70,000 in contributions. They further contend that these facts do not create any obligation on the part of a treasurer to question the legality of the contribution.

They also point to alleged discrepancies in the finding with respect to certain listed contributions. They dispute the listing of a $5,000 contribution from James J. Johnston on the basis of a corporation identified as H. G. Johnston Investment, claiming there is no similarity and no reason why it should have been questioned. They also point out that they had obtained letters regarding three contributions that a portion of the

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amounts were to be attributed to the spouses. These are the Sid R. Bass, B. Gill Clements, and David H. Rolke, Sr. contributions, which alone account for $40,000 in contributions.

Finally, Respondents are willing to concede that approximately $25,000 in contributions where the checks had the term "Company" or "Inc." on them may be corporate checks and that they are willing to transfer a like amount to its nonfederal account. They note that they have already done so for one $2,000 contribution.

We note that this list of corporate contributions was made after the interim audit report was issued. Thus, respondents did not have an opportunity to respond to the audit finding prior to referral to this Office as an enforcement matter. The list was included in the Factual and Legal Analysis sent to the Respondents with the reason to believe notification. Respondents did not present the arguments at that time that they are now presenting in response to the probable cause brief. If they had made these arguments earlier, it might have been more feasible to have further investigated these contributions. This Office is not inclined at this point to recommend further investigation because of the amount of staff resources that would be required to do so and because the passage of time makes it unlikely further investigation would resolve this issue. Furthermore, it does not appear that copies of the checks in question can be located so that they could be examined in light of the Respondents' contention. Thus, they may not also be available as evidence should this matter go to litigation. Notwithstanding

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the missing check copies, Respondents do, however, appear to concede that approximately $25,000 of these contributions had "Company" or "Inc." on the check and thus should have been further examined by the treasurer to ascertain their legality. Therefore, we recommend that the Commission find probable cause to believe the Respondents violated 2 U.S.C. § 441b.

(c) Excessive Contributions

The brief further noted that the audit had determined that the Committee had accepted $294,100 in excessive contributions from 66 individuals. Most of these contributions appear to have been received in connection with an October 2 presidential dinner where the solicitations asked for $10,000 contributions, noting that federal law limited contributions to $5,000 per person but suggested that tables could be purchased by both spouses. The Committee sought reattribution on many of these excessive contributions or made transfers to its nonfederal account, but did not do so within a reasonable time as required by 11 C.F.R. § 103.3(b)(1)(1984).

Respondents point out that they obtained verification for the appropriate allocation for $235,000 of these contributions and provided such during the audit process to support its contention that 55 of the 66 contributions were not excessive. For the remaining, $58,900 from 11 contributors, the Committee states

2304094506 7

that it informed the Commission in 1987 that it had transferred these funds to it nonfederal account.[5]

We have recognized the actions the Respondents undertook to obtain reattributions and to make transfers to the nonfederal account. Nevertheless, as we have pointed out, these actions did not occur within a reasonable time of the initial receipt of the contributions but were done during the audit process. Therefore, we have treated these actions as mitigating circumstances. Accordingly, we recommend that the Commission find probable cause to believe the Respondents violated 2 U.S.C. § 441a(f) by accepting these excessive contributions.

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(d) Misreported Contributions

The brief also addressed the question of 200 contributions totaling $106,351 where the contribution check was signed by someone other than the account holder. The brief (as did the audit) questioned these contributions because of the regulatory requirement that contributions be attributed to the last person signing the check prior to delivery to a committee. See 11 C.F.R. § 104.(c)(1984). As the Committee has previously pointed out, the contribution was attributed to the account holder(s) because that was the source of funds used to make the contribution.

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5. The amounts referred to by the Respondents are $200 less than the aggregate amount in the audit findings.

Of these 200 contributions, 41 totaling $10,933 are also included in the corporate contributions (discussed earlier in this report) and one for $500 is included in the amount of earmarked contributions (discussed later in this report). Therefore, we conclude that these contributions be deleted from this category since they are covered elsewhere.

Respondents point out that two-thirds of these contributions were for less than $200 and thus did not need to be itemized. They add that aggregation of contributions was done at the behest of the audit staff and that no suggestion has been made that these contributions required aggregation. They also note that in some instances the signatory is listed as illegible, thus asserting that it would be illogical to conclude someone other than the account holder signed the check. They also draw attention to one PAC contribution, LTV Aerospace and Defense Fund, and one partnership contribution, Andrews and Kurth. They state that in such situations checks will generally be signed by someone other than the account holder and that the partnership contribution was reported as allocated to two partners. They also claim that the list does not appear to take into account spousal contributions at all. They point to three contributions, totaling $30,000, listed as from Mrs. J. O. Winston, Vincent and Mary Kickerillo, and Rolke Enterprises, where the Respondents provided confirmation letters on the attribution of these contributions. They also note that while the list indicates that a contribution from John Hurd was incorrectly reported as from

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Mrs. Hurd, it was actually reported as a $1,000 contribution from each in accordance with their response cards.

We would agree that those contributions where the person signing the check is noted as illegible, the political committee contributions,[6] and the Andrews and Kurth partnership contribution should be deleted from this category. These groups include 19 contributions totaling $15,559. We would also delete the Mrs. J.O. Winston, Vincent and Mary Kickerillo, and Rolke Enterprises contributions as well as one by Clive Runnells because they are also included in the amount of the excessive contributions. This group includes five contributions totaling $30,500. We would also agree with deleting the spousal contributions for which the Committee produced attribution documents, even if such documents were not timely executed. This group includes 13 contributions totaling $7,584.

In response to Commission interrogatories the Respondents noted that much of the data entry for these contributions was performed by Karl Rove. They added that they believed Karl Rove used the source documents to make this determination. They add that if the party did the data entry, the check was received for the account holder and the contribution reported as such. In amending reports, the Committee's consultants reported contributions as being from the account holder. They add that if there were any doubt about the identity of the contributor, phone

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6. In addition to two LTV PAC contributions totaling $175, the list includes three contributions from local candidate or party committees, and a corporate PAC totaling $1,400.

calls were made to determine the appropriate person to whom to attribute a contribution.

This Office further recognizes that this section was included in the audit report because of the anomalies the audit had detected between the signature on the check and the account holder and to whom the Committee had attributed these contributions. A literal reading of the regulation in effect at that time would appear to require that contributions be reported as made from whoever is the last person to sign the check. 11 C.F.R. § 104.8(c). This Office acknowledges, however, that in some instances a person may have a bookkeeper, accountant, or office manager sign checks including those drawn on the person's personal account as well as an unincorporated business account. Nevertheless, we also conclude that the better practice is that when a committee receives such a check, it should ascertain in writing from whom the contribution is made.

With this consideration in mind, we have conducted a further review of the list prepared by audit.[7] In addition to the above groups that we have deleted from this category, we note that eight contributions totaling $1,650 were made by decedents' estates and two contributions totaling $1,100 had no account holder identified on audit's list. Another group of 21 contributions totaling $3,125 indicate a business entity containing the name (or derivative of the name) of the person signing the check. That leaves approximately 89 contributions

7. It does not appear that copies of the checks can be located.

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totaling $35,400 where there is a variance between the account holder and the name of the person signing the check. Of these approximately 58 contributions totaling $6,200 were in amounts of $200 or less, which would not necessarily require itemization. This Office is not inclined to recommend further investigation at this date because of the amount of staff resources that would be required to do so and because the passage of time makes it unlikely further investigation would resolve this issue.

Therefore, we recommend that the Commission take no further action regarding 2 U.S.C. § 434(b) with respect to these contributions.

3. Earmarked Contributions

The General Counsel's Brief also questioned the Committee's deposit and retention of $110,450 in apparently earmarked contributions, even though the contributions were apparently received in response to Committee solicitations. These apparent earmarked contributions included 23 totaling $22,100 made payable to Reagan-Bush, three totaling $1,050 made payable to Phil Gramm, and seven totaling $2,900 made payable to William Clements as well as 100 totaling $85,300 with Reagan-Bush on the memo line and nine totaling $2,000 with Phil Gramm on the memo line.[8]

The Committee continues to argue that notwithstanding the

8. The brief noted that $5,450 of these contributions were also included in the list of corporate contributions. Further review has determined that the total should be $5,400. Of this total $250 was an apparent corporate check made payable to Reagan-Bush, $4,800 had Reagan-Bush on the memo line and $350 had Phil Gramm on the memo line. A $500 check made payable to William Clements is also among the list of contributions reported as made by the account holder other than the person signing the check.

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checks made payable to Reagan-Bush, Phil Gramm, or William Clements or those with Reagan-Bush or Phil Gramm on the memo line, they should not be treated as earmarked contributions because they were received in response to Committee solicitations. They argue that notations on the memo line on checks made payable to the Committee did not encumber the contributions as earmarked. Moreover, they point out that these contributions were returned in envelopes provided by the Committee and included response devices indicating the contributions were for the Committee. They make the same argument with respect to those checks made payable to candidates rather than the Committee. They claim these checks were also returned in envelopes provided by the Committee and with the Committee's response devices. They cite to one example, involving John Stemmons, where the Committee wrote Stemmons to have him confirm that the contribution should be allocated between him and his wife. They state that a response to this request was received and delivered to the Commission. In his affidavit Keith Davis states: "Had Mr. Stemmons intended the contribution to be earmarked he would have indicated that fact rather than confirming the contribution as a contribution to the State Party."

This Office recommends that the Commission reject the Respondents' arguments with respect to those contributions made payable to another committee or candidate. Regardless of whether they were received in response to Committee solicitations or what a single contributor may have said in response to an allocation

2304094507 3

letter, they were clearly earmarked. The Respondents should have forwarded them to the respective committees or candidates or returned to the contributor to have the contributor make a new check payable to the Committee. This Office does not believe the Commission should sanction one federal political committee's depositing of checks made payable to other federal candidates or other federal political committees regardless of who or how they were solicited. Therefore, we recommend that the Commission find probable cause to believe the Respondents violated 2 U.S.C. § 441a(a)(8) regarding the $22,100 in checks made payable to Reagan-Bush and the $1,050 in checks made payable to Phil Gramm. Because William Clements was a nonfederal candidate so that the earmarking requirements may not apply to checks made payable to him, we have not included these checks in the recommendation, but instead recommend that the Commission take no further action with respect to them.[9]

The remaining checks include $85,300 in checks with reference to Reagan-Bush on the memo line and the $2,000 in checks with reference to Phil Gramm on the memo line.[10] In MUR 2632, the Commission took the position that references to a candidate (John Evans) on the memo line of contributions to a state party committee (Idaho Democratic Party) were earmarking for purposes

9. We believe the Commission should by regulation preclude federal committees from depositing into their federal accounts contribution checks made payable to another person or entity.

10. Some of the solicitations by the Respondents were signed by President Reagan and asked that checks be made payable to the "Texas Reagan Team."

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of the contributor's limitations. These contributions were apparently used to make expenditures on behalf of the referenced candidate. The Commission, however, did not find the state party committee in violation of the Act or regulations for failure to forward the contributions to the referenced candidate. Instead, it found that the contributing committee had made an excessive contribution allocable to the candidate. Similarly, in MUR 3065, the Commission concluded that references to the Speaker of the House and the President Pro Tempore of the Senate on checks made payable to a joint fundraising dinner for the Democratic Senatorial Campaign Committee and the Democratic Congressional Campaign Committee did not constitute earmarking of such checks to the principal campaign committees of the Speaker or President Pro Tempore. MUR 3065 is distinguishable in that it was a joint fundraising activity. That does not appear to be the situation here. Thus, in our view, these contributions were also earmarked. Therefore, we recommend that the Commission also find probable cause to believe the Respondents violated 2 U.S.C. § 441a(a)(8) and 11 C.F.R. § 110.6 regarding the $85,300 in checks with reference to Reagan-Bush on the memo line and the $2,000 in checks with reference to Phil Gramm on the memo line.

4. National Party Transfers

The brief also noted that the Committee disclosed the receipt of $175,100 from the Republican National Committee ("RNC") in 1984, of which $119,500 was deposited into the Victory '84 account, which was apparently established solely to fund exempt activities. On this basis, the brief concluded that national

2304094507 5

party committee funds had to have been used to fund exempt activities, including the Committee's "volunteer" activities. The national party transfers were not linked to any specific disbursement by any accounting method.

The Respondents argue, however, that the regulations, but not the Act, mention transfers from national parties regarding how exempt "volunteer" and "GOTV" activities are paid for. They note that the regulation proscribes only transfers from national parties that are donated for the voter registration or GOTV purposes or for the purchase of "volunteer" materials. They state that national parties are still able to make unrestricted transfers to a state party for it to use as it sees fit. They posit:

> It was never contemplated that there would be any restrictions on these transfers. Yet, the conclusion drawn in the General Counsel's Brief would bootstrap every single transfer made by a national party committee to a state party into an illegal contribution. There would be no point in permitting such transfers if, in and of themselves, they inhibit the ability of a State Party to engage in exempt activities. It is for this reason that the regulations recognize that the funds must be designated for exempt activity in order for the activity not to come within the exemption. Any other conclusion would make a mockery of the regulatory scheme and render it superfluous.

The Respondents also contend that the transfers were not used for exempt activity because the Committee paid at least $359,827.90 in administrative and overhead expenses for salaries, rent, utilities, and other overhead from the Victory '84 account after the date of the first transfer.

Although we disagree with Respondents' contentions, we note that the audit of the Committee predated the use of an accounting

2304094507 6

analysis to determine whether national party transfers were used for exempt GOTV and volunteer activity. As noted, many expenditures could not be attributed to specific activities because a copy of the check (all that the regulations require a committee to retain) is often inadequate documentation to determine whether a payment relates to a specific activity, especially in the absence of all of the invoices. Thus, we acknowledge that at this point it does not appear possible to connect these transfers to specific payments for exempt activity. We note that these transfers totaling $119,500 constituted only a small portion of the receipts deposited into the Victory '84 account and were well below the amount of administrative expenses paid from that account. Thus, we are unable to conclude on the basis of this record that these transfers take the payments outside the exemption for volunteer activity.

5. **Presidential Dinner**

The brief also noted that the audit had identified $98,806.19 in payments related to an appearance by President Reagan at a dinner in Houston on October 2, 1984. President Reagan was a candidate for re-election at that time. The brief took the position that the Committee had not rebutted the regulatory presumption that these expenses should be allocated as contributions to President Reagan or expenditures on his behalf but had merely asserted they were for party building purposes.

The Respondents continue to dispute the treatment of the expenses related to this dinner. They assert that there is no dispute that the event was a fundraiser for the State Party, thus

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making the expenses related to it "obvious party-building activity." The Respondents also attempt to make a comparison with the treatment in another enforcement matter of President Reagan's appearance at the VFW convention soon after his renomination. On this basis, they claim there is no evidence of "express advocacy" in the President's speech in Houston and that press coverage does not constitute such evidence.

The Respondent's arguments miss the central point of the regulation: by creating a presumption that candidate appearances at party events after January 1 of the election year are for the purpose of influencing the candidate's election, the regulation puts the burden on the party committee paying the expenses for such appearances to rebut the presumption. In this respect the Houston dinner is factually and legally distinguishable from the VFW event. The reference to press coverage in the General Counsel's Brief was not made to present evidence of express advocacy, as Respondent's contend, but merely to make the point that it appeared unlikely the Respondents could present sufficient evidence to rebut the presumption.

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The regulations state that a party committee may pay for a candidate appearance if the event is a bona fide party event and no aspect of the solicitation, setting, and remarks or activities of the candidate were for the purpose of influencing the candidate's election. 11 C.F.R. § 110.8(e)(1). The regulation then states that notwithstanding these requirements, candidate appearances after January 1 of the election year will be presumed to be for the purpose of influencing a candidate's election.

11 C.F.R. § 110.8(e)(2)(ii). The regulation adds that this presumption may be rebutted by a showing that the event was or was not party-related, as the case may be. 11 C.F.R. § 110.8(e)(2)(iii). Reading these regulations together, it would appear that the primary basis for the party committee to rebut the presumption is merely to show that the event was a bona fide party activity. But that reading would, in effect, rule out the requirement that the party committee must also show that the solicitation, setting, and remarks or activities of the candidate were not for the purpose of influencing his or her election. Thus, it appears to this Office that the party committee must also demonstrate the solicitation, setting, remarks, etc., were not for the purpose of influencing the candidate's election in order to rebut the presumption.

The evidence that the Houston dinner was a fundraising event for the State Party, which raised $1.8 million, does demonstrate that the dinner was a bona fide party event. Nevertheless, the Respondents have not presented any other evidence to show that "no aspect of the solicitation for the event, the setting for the event, and the remarks or activities of the candidate in connection with the event were for the purpose of influencing the candidate's nomination or election." See 11 C.F.R. § 110.8(e)(1)(ii). Respondents have also presented no evidence that they were authorized by the RNC to spend against the RNC's coordinated party expenditure limitation on behalf of President Reagan in 1984.

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In the absence of such evidence to rebut the presumption, this Office recommends that the Commission find probable cause to believe the Respondents violated 2 U.S.C. § 441a(f) by making expenditures on behalf of President Reagan's candidacy in excess of the Act's limitations.

6. Conclusion

This Office recommends that the Commission take no further action regarding 2 U.S.C. § 441a(f) regarding the question of exempt payments; regarding 2 U.S.C. § 434(b) with respect to checks signed by someone other than the account holder; 2 U.S.C. §§ 432(c) and 432(d) with respect to the recordkeeping of certain contributions; and 2 U.S.C. § 441a(a)(8) regarding checks made payable to William Clements. We recommend that the Commission find probable cause to believe the Respondents violated 2 U.S.C. 441b with respect to the receipt of corporate contributions; 2 U.S.C. § 441a(f) with respect to the receipt of excessive contributions and with respect to excessive expenditures on behalf of President Reagan's candidacy; 2 U.S.C. § 434(b) with respect to the untimely aggregation and itemization of receipts; and 2 U.S.C. § 441a(a)(8) with respect to checks made payable to federal candidates or other federal political committees and with respect to checks with a federal candidate's name on the memo line.

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B. Disbursements from the Nonfederal Account

The brief also questioned certain disbursements from the Committee's nonfederal account that appeared to be related to federal elections such as a $5,000 contribution to a federal committee, a $150,000 payment to the Republican National Committee for GOTV activities, $80,000 in payments for ballot security activities, and $317.88 in administrative expenses.

With regard to the contribution to a federal committee, the brief noted that the contribution was made on October 16, 1984, was refunded on March 7, 1987, and recontributed from the federal account on February 24, 1987. For the $150,000 payment to the RNC, the brief noted that even if it were made for generic advertising, a portion should have been paid from the federal account in accordance with 11 C.F.R. §§ 102.5(a)(1)(i) and 106.1(e). The same rationale was used for the $317.88 payment to the RNC for someone to attend a finance workshop.

For the $80,000 in ballot security expenses, the brief acknowledged the Committee's arguments that it had made these payments from its nonfederal account because it had determined that the federal account had already paid its proportionate share of allocable expenses for 1984. Thus, the Committee elected to have its nonfederal account pay these expenses in the last month of the 1984 election cycle. The brief noted that the basic allocation of ballot security expenses had apparently been 77.6 percent federal and 22.4 per cent nonfederal. Nevertheless, the brief took the position that each individual expense should have been allocated as it was paid.

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With regard to the $150,000 payment to the RNC for generic advertising, the Respondents point out that at the time of this payment there was nothing to prevent the nonfederal account from making this payment and then being reimbursed by the federal account for its share. They claim the audit staff approved a one-third federal and two-thirds nonfederal allocation. Respondents state that the federal account transferred $108,074.23 to the nonfederal account to reimburse it for the federal accounts' share of the administrative costs for September. They add that this transfer included a single payment of $78,074.23 "which incorporated the $50,000 owed to that account by the federal account for advertising fees." They further note that the federal account's administrative costs for September were $58,000 higher than for August, thus in their view confirming that the federal account paid its share. These statements are supported by the Davis affidavit. The General Counsel acknowledges that the Respondents have a reasonable argument for their allocation and payment for this expense.

Regarding the $80,000 in expenses for salaries, an election night party, and ballot security, the Respondents point out that there is no advisory opinion or other authority to support the position taken in the brief that each expense should have been allocated as it was paid. The Respondents point out that the regulations did not establish any timing for when the allocation was to be made. Furthermore, they note that simply because their method had not been previously approved does not make it unreasonable, noting that the Commission had said in Advisory

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Opinion 1982-5 that the methods outlined in it were not exhaustive. On further review of this issue, this Office acknowledges that Respondents have a valid point. The brief acknowledged that the overall allocation of 77.6 percent federal and 22.4 percent nonfederal for the total of these expenses was appropriate or reasonable. Moreover, the recent revisions to the allocation regulations now address these questions in a more definitive manner.

This Office would agree with the Respondents that the $317.88 item for attendance at a finance seminar is too minor to pursue further.

This Office notes that the $5,000 contribution from the nonfederal account to a federal committee was not refunded in a reasonable time. Therefore, this Office recommends that the Commission find probable cause to believe the Respondents violated 11 C.F.R. § 102.5(a) with respect to this transaction. Regarding the $80,000 in ballot security payments, the $150,000 payment for generic advertising, and the $317.88 seminar fee, we recommend that the Commission take no further action against the Respondents with respect to 11 C.F.R. § 102.5(a) regarding these payments.

C. Joint Fundraiser

The brief recommended that the Commission find no probable cause to believe the Respondents had violated 11 C.F.R. § 102.17 regarding the joint fundraiser with the Harris County Victory Fund because as party committees a joint fundraising agreement

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was not necessary. The Respondents concur in this recommendation.

D. Making Excessive Contributions

The brief also concluded that the Committee had made excessive contributions to two federal candidates in 1984: Dick Armey and Beau Boulter. This conclusion was based on the determination that (1) two candidate committees failed to demonstrate that they each had net debts outstanding after the primary election when the contributions were made and (2) the Committee failed to produce the letter accompanying the contributions designating them for the primary election. Respondents had produced an affidavit from Kevin Moomaw, political director of the TRCC, that such a letter had been sent with the contributions.

Similar conclusions had been made with respect to the two candidate committees that were also respondents in this matter. On December 11, 1990, however, the Commission voted to take no further action with respect to the violation of 2 U.S.C. § 441a(f) by the Beau Boulter committee notwithstanding the missing designation letter. The Commission found probable cause to believe the Armey committee had violated 2 U.S.C. § 441a(f) and the Beau Boulter committee had violated 2 U.S.C. § 434(b)(8) by not reporting all of its debts. Conciliation agreements were reached with both committees. The agreement with the Armey committee recognized that it had not demonstrated it had net debts outstanding from the primary at the time its received the contributions from the Respondents and had not produced the

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letter designating the contributions for the primary election. The agreement with the Boulter committee recognized that it had not timely reported its debts.

The Respondents argue that they should not be held accountable for making excessive contributions to these two campaigns because they relied on the representations of the two committees that they had primary debts outstanding. Furthermore, they refer again to the Moomaw affidavit that each contribution was accompanied by a letter designating it for primary debt purposes. They contend that there is no basis for disputing the credibility of the affidavit and note that the Commission apparently accepted it with regard to five other contributions covered by the affidavit.

This Office notes that the brief raised a question regarding the designation of these contributions toward primary debt because neither the Respondents nor the recipient candidate committees had been able to produce a copy of the designation letter. A review of the audit file indicates that Respondents have an apparent valid point regarding the Moomaw affidavit. The attachment to the Interim Audit Report noted that the election designations for contributions to seven candidates did not appear to be adequate. The attachment indicated that primary debt had been established for five of the seven candidate committees, the exceptions being Armey and Boulter. See Attachment 1. The Moomaw affidavit was received in response to the Interim Audit Report. See Attachment 2.

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The Moomaw affidavit refers to this attachment to the Interim Audit Report and states that Moomaw or an assistant contacted the candidate committees by telephone to verify that they had a primary debt and advised them of the contribution they would be receiving and the election designation for that contribution.[11] He adds that letters were written to each committee forwarding the contributions and designating the election for them. The audit referral included only the Boulter and Armey contributions, which were the only ones where there was a question of primary debt. Thus, this action implies that the Moomaw affidavit was treated by the audit staff as adequate to establish the election designation for the contributions to all seven candidate committees. This assessment is also consistent with the Commission's action regarding the Boulter committee.

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Therefore, this Office recommends that the Commission take no further action with respect to 2 U.S.C. § 441a(a)(2)(A).

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11. The affidavit refers to Attachment 10 of the Interim Audit Report. That attachment lists certain disbursements by the State Party. He evidently meant to refer to Attachment 11 which lists the possible excessive contributions to federal candidates, including the Boulter and Armey contributions.

E. Misreported Receipts

The brief also addressed an unusual and anomalous situation involving the receipt of $5,630.77 from two 1982 federal candidates (Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr.) and like payments to two vendors. Apparently, the Committee had conducted exempt activities on behalf of the two candidates. Each requested an additional amount of activities for which they would pay. The precise details of this plan, however, are not entirely clear. Nevertheless, the candidates did make payments to the Committee, which in turn made identical payments to vendors to whom the two candidates committees apparently owed money. The brief concluded that the Respondents should have reported the receipts as contributions from the candidates and the payments as coordinated party expenditures on behalf of the candidates. The Respondents state that they were merely acting "as a conduit for payment in these circumstances and has amended its reports to show these transactions."

Based on the unusual and anomalous nature of these transactions, the amounts involved, and the amendments already made by the Respondents, this Office now recommends that the Commission take no further action against the Respondents with respect to 2 U.S.C. § 434(b) regarding these transactions.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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IV. RECOMMENDATIONS

1. Find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated:

   a. 2 U.S.C. § 441b;

   b. 2 U.S.C. § 441a(f) regarding the receipt of excessive contributions

   c. 2 U.S.C. § 441a(f) regarding the making of excessive expenditures on behalf of a federal candidate;

   d. 2 U.S.C. § 434(b) regarding the untimely aggregation and itemization of receipts;

   e. 2 U.S.C. § 441a(a)(8) regarding the earmarked contributions made payable to federal candidates or other federal political committees and regarding

checks with Reagan-Bush or Phil Gramm on the memo line; and

f. 11 C.F.R. § 102.5(a) regarding the contribution to a federal political committee from the nonfederal account.

2. Take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer:

a. with respect to 2 U.S.C. § 441a(f) relating to the exempt payments;

b. with respect to 11 C.F.R. § 102.5 relating to the payments for ballot security expenses, generic advertising, and seminar fee;

c. with respect to 2 U.S.C. § 434(b) relating to the checks with a signatory other than the account holder and the receipts and to the payments for Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr.;

d. with respect to 2 U.S.C. §§ 432(c) and 432(d) regarding recordkeeping for receipts;

e. with respect to 2 U.S.C. § 441a(a)(8) regarding checks made payable to William Clements; and

f. with respect to 2 U.S.C. § 441a(a)(2)(A).

3. Find no probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 11 C.F.R. § 102.17(c).

4. Approve the attached conciliation agreement and appropriate letter.

5/13/92
Date

Lawrence M. Noble
General Counsel

Attachments:
1. Attachment 11 Interim Audit Report
2. Moomaw affidavit
3. Conciliation Agreement

Staff assigned: George F. Rishel
Jeffrey. D. Long

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Affidavit of Kevin Moomaw

Kevin Moomaw, being duly sworn, deposes and says:

1. I am Kevin Moomaw, and I served as the political director of the Texas Republican Party from September 1983 to June 1985. I have personal knowledge of the facts contained herein and am competent to testify thereto.

2. In that position I was responsible for advising candidate committees of the contributions the Texas Republican Congressional Committee would be presenting to them.

3. Either I or my assistant contacted by telephone each of the campaign committees identified in Attachment 10 of the FEC Audit Report of the Texas Republican Congressional Committee, a true copy of which is attached to this affidavit as Exhibit 1, verified that they had a primary election debt, and advised them of the contribution they would be receiving and the election for which it should be designated before such contribution checks were signed.

4. Letters were then written to each committee forwarding the contribution check and designating which election to which the contribution should be designated.

5. I have been informed that this Affidavit will be submitted to the Federal Election Commission.

23040945090

Kevin Moomaw
Kevin Moomaw

Signed and sworn to before me
this 5th day of ~~February~~ MARCH, 1987.

Notary Public

My Commission Expires: 4-11-89

ATTACHMENT 2
Page 1 of 1

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /DONNA ROACH DR
COMMISSION SECRETARY

DATE: MAY 21, 1992

SUBJECT: MUR 2598 - GENERAL COUNSEL'S REPORT DATED MAY 13, 1992.

The above-captioned document was circulated to the Commission on Thursday, May 14, 1992 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	XXX
Commissioner Elliott	XXX
Commissioner McDonald	XXX
Commissioner McGarry	XXX
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for Tuesday, June 2, 1992.

Please notify us who will represent your Division before the Commission on this matter.

93040945091

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on June 16, 1992, do hereby certify that the Commission took the following actions in MUR 2598:

1. Failed in a vote of 3-2 to pass a motion to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. § 441b,

   Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion; Commissioners Aikens and Elliott dissented; Commissioner Potter had recused himself with respect to MUR 2598 and was not present.

2. Decided by a vote of 5-0 to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. § 441b.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

(continued)

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3. Decided by a vote of 5-0 to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. §441a(f) regarding the receipt of excessive contributions.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

4. Failed in the vote of 3-2 to pass a motion to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. § 441a(f) regarding the making of excessive expenditures on behalf of a federal candidate.

   Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion; Commissioners Aikens and Elliott dissented; Commissioner Potter was not present.

5. Decided by a vote of 5-0 to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 434(b) regarding the untimely aggregation and itemization of receipts.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

(continued)

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6. Failed in a vote of 3-2 to pass a motion to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. § 441a(a)(8) regarding the earmarked contributions made payable to federal candidates or other federal political committees and regarding checks with Reagan-Bush or Phil Gramm on the memo line.

   Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion; Commissioners Aikens and Elliott dissented; Commissioner Potter was not present.

7. Decided by a vote of 5-0 to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. § 441a(a)(8) regarding the contributions made payable to federal candidates in the amount of $23,150.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

8. Decided by a vote of 5-0 to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 11 C.F.R. § 102.5(a) regarding the contribution to a federal political committee from the nonfederal account.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

(continued)

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9. Decided by a vote of 5-0 to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 2 U.S.C. § 441a(f) relating to the exempt payments.

   Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

10. Failed in the vote of 3-2 to pass a motion to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 11 C.F.R. § 102.5 relating to the payments for ballot security expenses, generic advertising, and seminar fee.

    Commissioners Aikens, Elliott, and Thomas voted affirmatively for the motion; Commissioners McDonald and McGarry dissented; Commissioner Potter was not present.

11. Failed in a vote of 3-2 to pass a motion to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 2 U.S.C. § 434(b) relating to the checks with a signatory other than the account holder and the receipts and to the payments for Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr.

    Commissioner Aikens, Elliott, and Thomas voted affirmatively for the motion; Commissioners McDonald and McGarry dissented; Commissioner Potter was not present.

(continued)

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12. Failed in a vote of 3-2 to pass a motion to find probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 2 U.S.C. §§ 432(c) and 432(d) regarding recordkeeping for receipts

Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion; Commissioners Aikens and Elliott dissented; Commissioner Potter was not present.

13. Failed in a vote of 3-2 to pass a motion to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 2 U.S.C. §§ 432(c) and 432(d) regarding recordkeeping for receipts.

Commissioners Aikens, Elliott, and Thomas voted affirmatively for the motion; Commissioners McDonald and McGarry dissented; Commissioner Potter was not present.

(continued)

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14. Decided by a vote of 5-0 to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 2 U.S.C. § 441a(a)(8) regarding checks made payable to William Clements.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

15. Decided by a vote of 5-0 to take no further action against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, with respect to 2 U.S.C. § 441a(a)(2)(A).

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

16. Decided by a vote of 5-0 to find no probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer, violated 11 C.F.R. § 102.17(c).

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

(continued)

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17. Decided by a vote of 5-0 to direct the Office of General Counsel to draft appropriate conciliation agreements and appropriate letters based on the decisions noted above and circulate them for Commission approval on a tally vote basis.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

Attest:

6-19-92
Date

Marjorie W. Emmons
Secretary of the Commission

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as treasurer.	)	MUR 2598
	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 8, 1992, the Commission decided by a vote of 4-0 to approve the conciliation agreement in MUR 2598, as recommended in the General Counsel's Memorandum dated July 2, 1992.

Commissioners Elliott, McDonald, McGarry and Thomas voted affirmatively for the decision; Commissioner Aikens did not cast a vote; Commissioner Potter recused himself from this matter and did not vote.

Attest:

7-8-92
Date

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

Received in the Secretariat: Thurs., July 2, 1992 10:10 a.m.
Circulated to the Commission: Thurs., July 2, 1992 12:00 p.m.
Deadline for vote: Wed., July 8, 1992 4:00 p.m.

dr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 10, 1992

Jan Witold Baran, Esquire
Carol A. Laham, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer

Dear Mr. Baran and Ms. Laham:

On June 16, 1992, the Federal Election Commission found that there is probable cause to believe your clients violated 2 U.S.C. §§ 441b, 441a(f) (regarding the receipt of excessive contributions), 434(b), and 441a(a)(8) (relating to checks made payable to federal candidates), provisions of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. § 102.5(a) of Commission regulations (regarding the contribution to a federal political committee for the nonfederal account). There was an insufficient number of votes for the Commission to decide whether to find probable cause to believe your clients violated 2 U.S.C. §§ 441b (the full amount of corporate contributions determined by the audit), 441a(f) (relating to the presidential dinner), and 441a(a)(8) (relating to the checks with a federal candidate's name on the memo line).

On that date the Commission also found that there is no probable cause to believe your clients violated 11 C.F.R. § 102.17(c) of Commission regulations. The Commission also voted to take no further action with respect to 2 U.S.C. §§ 441a(f) (relating to the exempt payments), 441a(a)(8) (relating to checks made payable to William Clements), and 441a(a)(2)(A). There was an insufficient number of votes for the Commission to decide whether to take no further action with respect to 2 U.S.C. §§ 434(b) (relating to checks with a signatory other than the account holder and the receipts and payments for Earl Jeffrey Wentworth and Joseph Peyton Wyatt, Jr.), 432(c) and 432(d), and 11 C.F.R. § 102.5 (relating to the payments for ballot security expenses, generic advertising, and seminar fee).

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

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact George F. Rishel or Jeffrey D. Long, the staff members assigned to this matter, at (202) 219-3400 or 3690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

August 14, 1992

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

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

Attn: Jeffrey D. Long

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

92 AUG 17 PM 3:50

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Dear Mr. Noble:

I am in receipt of your letter of July 10, 1992, informing me that the Federal Election Commission ("Commission") found probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as Treasurer (collectively "State Party") violated the Federal Election Campaign Act of 1971, as amended in Matter Under Review 2598, and enclosing a proposed conciliation agreement. Based on the facts and circumstances discussed below, the State Party moves for reconsideration and respectfully requests that the Commission instead take no further action with regard to this matter.

This matter arose from the 1983-1984 election cycle. An audit was commenced in July, 1985. However, no report was issued until November, 1986, sixteen months later. Four months later, the Committee responded to the Audit report. Thirteen months passed before the Commission reviewed the Final Audit Report, and nearly another five months lapsed before the Commission made any reason to believe findings on August 30, 1988. Thus, at the time the MUR commenced, more than three years had elapsed since the time of the Audit, and virtually all of the issues raised by the Audit Division in the course of its Audit were dealt with at great expense to the State Party. Of these thirty-eight months, the Republican Party of Texas was responsible for only a four month response period, the Commission was responsible for a thirty-four month time delay.

The Commission has spent even more time on the MUR. After having been notified of the Commission's findings in September, 1988, the Texas Republican Party responded to the Reason to Believe findings in December, 1988, again taking only four months to respond with regard to a matter that then covered activity which was nearly five years in the past. A General Counsel's Brief was not issued until July, 1990, eighteen months later. Again, the Party responded by filing its Respondent's Brief on September 24, 1990, less than three months later. Now, twenty-one months later, the Commission has issued a conciliation agreement in this matter seeking a civil penalty of with respect to activity that took place almost a decade ago. This MUR lingered in the General Counsel's Office for more than three years, thirty-nine months, while it took the Texas Party seven months to file comprehensive responses to the General Counsel's materials.

In total, the Commission is responsible for taking seventy-three months with regard to this Audit and the State Party is responsible for taking only eleven months (see attached chart). This virtual seven to one ratio has unfairly penalized the Party. This matter should have been resolved years ago. Yet, at the same time, it is clear that the Commission is seeking to penalize the Texas State Party for the Commission's own delay. Never in its history has there been a civil penalty issued by the Commission, especially not for activity which took place eight or nine years before, and which the State Party willingly, promptly, and at great expense, corrected. Instead, as evidence by recent Commission determinations, this matter is ripe for a finding of no further action.

The public record shows that the Commission recently voted to take no further action with regard to twelve separate matters, none of which are as old as this matter. Two matters in particular, are at odds with the Commission's findings here. The first regards the New Jersey Democratic State Committee. In that matter, which the Commission decided to dismiss through the exercise of its prosecutorial discretion, the General Counsel's Office noted that the Committee had failed to report more than $100,053.30 in receipts and more than $19,000 in disbursements on its 1988 Year-End Report and 1989 Mid-Year Report. In fact, the General Counsel's Report states that "[i]t is unclear how the substantial cash discrepancy between the 1988 Year-End Report and the 1989 Mid-year Report occurred." (Emphasis added) Further, that Committee apparently mischaracterized certain expenditures, and in addition received more than $36,000 in non-federal funds which it had deposited into its federal account. Despite all of these apparent violations of law, the General Counsel's Office concluded that "[t]he major issues in this matter have been resolved or clarified by the Committee. . . . For these reasons, this Office recommends

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that the Commission take no further action and close the file in this matter." Memorandum of May 27, 1992 to the Commission regarding Matters Under Review and Exercise of Prosecutorial Discretion, p. 19. The Commission adopted that recommendation and dismissed the matter.

Releasing the New Jersey State Party from any liability under the Act and yet moving forward against the Texas Republican Party, when its much older case was comparable to that of the New Jersey Democratic Party is simply inequitable and arbitrary. The Texas Party's activity took place in 1983 and 1984, five years earlier than the New Jersey State Party's activities. Further, the Texas State Party voluntarily undertook to spend thousands of dollars to revamp its accounting and reporting operations. Thus, to the extent that the goal of these Commission proceedings has been to bring the Texas State Party into compliance with the law, the Commission succeeded years ago. Further, if the basis of the Commission's determination with regard to the New Jersey State Party is that the major issues in the matter had been resolved or clarified by the Committee, that is equally, if not more true with respect to the Texas State Party. The Commission should have exercised its prosecutorial discretion with regard to the Texas State Party and have taken no further action in MUR 2598. It should do that now.

The fact that the Commission also exercised its prosecutorial discretion with regard to the Nevada Republican State Central Committee in MUR 2934 lends support to this position. The report regarding that matter states that:

> The case arose from an audit referral based on the 1986 election cycle, the same election at issue in MUR 2270. that matter, closed in July 1991, was a complaint generated case against the Nevada Republican Party involving excessive coordinated party spending under section 441a(d). The major issue in this case also involves excessive coordinated party expenditures mostly based on different transactions than those at issue in MUR 2270. . . .
>
> The disbursements at issue here took place during the same rough time frame as those in MUR 2270, and in that matter respondents paid a $25,000 civil penalty. . . . Further, although obstructiveness of an earlier treasurer is substantially responsible for earlier delays in this matter, the current treasurer appears

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> conscientious and anxious to move past the problems of the 1986 election cycle. For all these reasons, this Office recommends that the Commission take no further action in MUR 2934 and close the file.

Memorandum of May 27, 1992 to the Commission regarding Matters Under Review and Exercise of Prosecutorial Discretion, p. 12. Again, the Commission adopted the recommendation of the General Counsel's office.

Here again, the Commission took no further action. The Commission should have afforded the Texas Republican Party the very same treatment with regard to MUR 2598. First, the General Counsel's recitation appears to have put weight on the fact that the audit was based on the 1986 election cycle, two years after the activity in this matter took place. Moreover, the General Counsel's Office gave credence to the fact that while the delay in that matter was due to the Party, the current treasurer appeared conscientious and wanted to move past the problems of 1986. In the present MUR, the delay was obviously not the Party's, but rather was the Commission's; the State Party has always been cooperative; the State Party's treasurer has been completely conscientious since the 1984 election cycle; and the State Party certainly has been desirous of moving past the problems of 1984. Again, therefore, if the Commission was going to exercise its discretion to take no further action in certain matters, this matter should have been at the top of that list. Indeed, none of the MURs upon which the Commission determined to take no further action were as old as this MUR.

Thus, the State Party again respectfully requests that the Commission reconsider its probable cause findings and instead take no further action with regard to this Matter and close the file.

Sincerely,

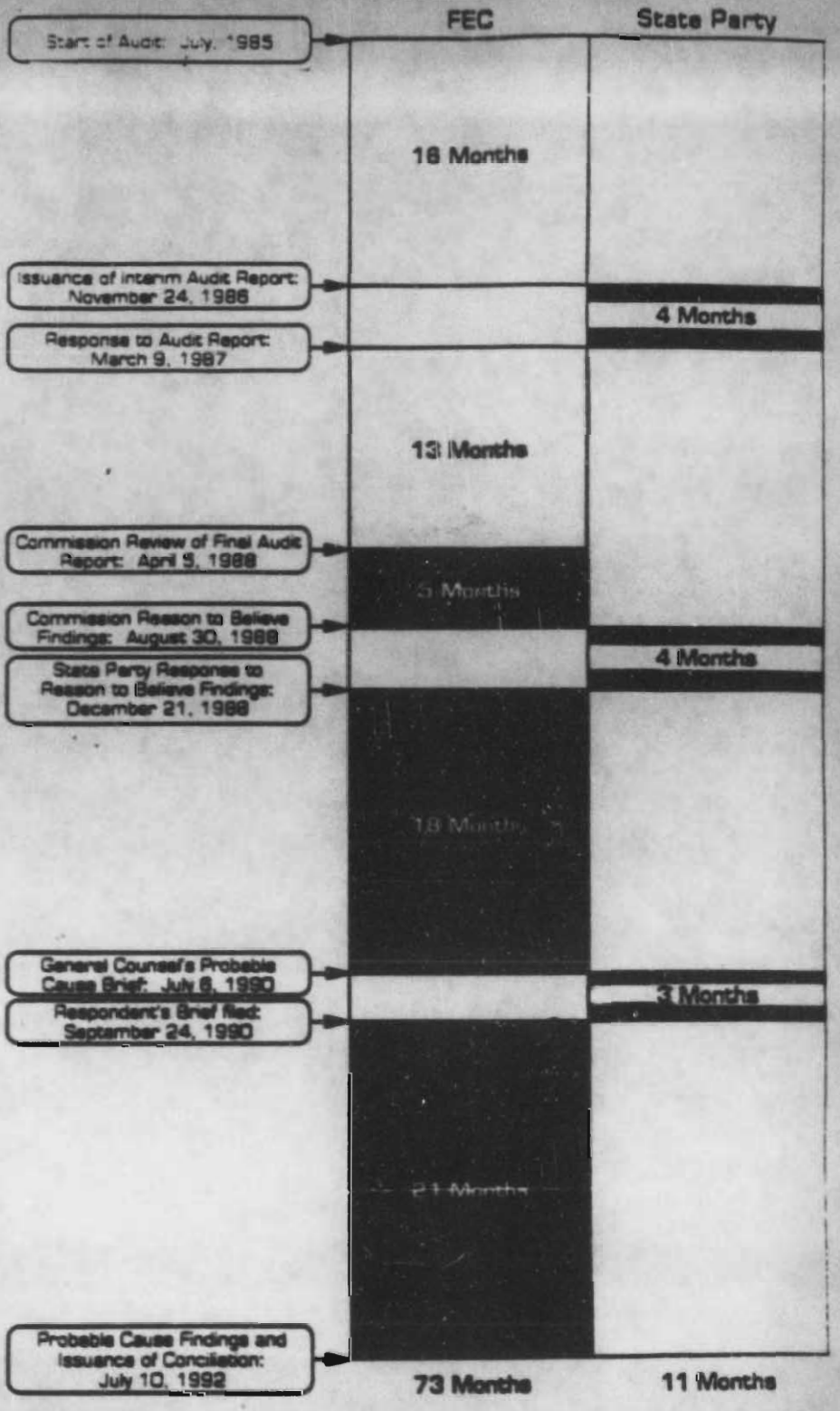
Jan Witold Baran

Encl.

cc: Ms. Martha Weisend
Mr. Fred Meyer

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Texas Republican Congressional Committee
Audit and MUR Timeline



93040945106

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598 **SENSITIVE**
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 16, 1992, the Commission found that there is probable cause to believe that the Texas Republican Congressional Committee and Martha Weisend, as treasurer violated 2 U.S.C. §§ 434(b), 441a(a)(8), 441a(f), and 441b and 11 C.F.R. § 102.5(a). On July 8, 1992, the Commission approved a conciliation agreement with a civil penalty Respondents have asked for reconsideration of the Commission's probable cause findings and in the alternative, have requested that the Commission take no further action in this matter. The following section discusses respondents' response to the Commission's probable cause findings and proposed conciliation agreement.

II. DISCUSSION

Respondents indicate that this matter arose from the 1983-1984 election cycle and that at the time the Matter Under Review ("MUR") commenced, more than three years had elapsed since the time of the Audit. Respondents state that virtually all of the issues raised by the Audit Division in the course of the Audit were dealt with at great expense to the Committee.

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Respondents contend that the Commission has taken an excessive amount of time in handling this matter which has unfairly penalized the Committee. See Attachment 1, Page 5. Respondents further contend that the Commission has never issued a penalty of $95,000, especially for activity which took place eight or nine years ago and which was willingly and promptly corrected. Respondents argue that based on recent Commission determinations, this issue is ripe for a finding of no further action.

Respondents refer specifically to the Commission's action in MURS 2934 and 3441. These were matters which were before the Commission at the June 2, 1992, Executive Session, during which the Commission decided to exercise prosecutorial discretion and take no further action in these two matters.

The subject matter in MUR 2934, an audit referral, was excessive coordinated party expenditures made by the Nevada Republican State Central Committee during the 1986 election cycle. This same subject matter was also dealt with in MUR 2270 when a complaint was filed against the Nevada Republican Party, a organization connected with the Nevada Republican State Central Committee.

The expenditures at issue in MUR 2934 were made roughly during the same time period as those expenditures at issue in MUR 2270; however, the expenditures involved in MUR 2934 were mostly based on transactions which were different from those at issue in MUR 2270. This Office notes that in MUR 2270, the

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respondents paid a civil penalty of $25,000 for excessive coordinated party expenditures of nearly $90,000.

The Audit Division performed an analysis of the expenditures involved in MUR 2934 which revealed approximately $15,000 of national party funds. In light of the particular circumstances in MUR 2934 and the action taken in MUR 2270, the Commission decided to take no further action in MUR 2934.

Respondents state that even though the respondent in MUR 3441, the New Jersey Democratic State Committee, failed to report $100,053 in receipts and $19,000 in disbursements in its 1988 and 1989 Mid-Year Reports and received $36,000 in non-federal funds which it deposited into its federal account, the Commission took no further action in the matter. This Office notes that in MUR 3441, there were mathematical discrepancies, totaling $80,905, which respondents corrected through amendments to its reports. The amendments revealed $100,053.30 in previously undisclosed receipts mostly in the form of transfers from affiliated committees and $19,147.83 in previously undisclosed disbursements. Additionally, the transfer out of $34,288.16 from the Federal account to the non-federal account was based on two deposits which were erroneously deposited in the Federal account and then transferred back out. Due to the particular circumstances in this matter, the Commission decided to take no further action in the matter.

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This Office believes that the exercise of prosecutorial discretion in one case does not compel a similar exercise in another case. The amounts of money and issues in controversy are substantially greater in the current matter than in MURS 2934 and 3441. The following is a more detailed discussion of the issues and amounts of money involved in this matter.

A. Section 434(b) violation

The Committee had receipts and disbursements of approximately $4.7 million in 1983-1984, of which approximately $3.2 million in disbursements were made from its Victory '84 fund. The audit found numerous contributions which required itemization but had not been itemized in the Committee's disclosure reports. It also determined that contributions deposited into the Victory '84 account had not been aggregated with those deposited into the Committee's main operating account, thus indicating that further contributions may have required itemization. Although the Committee filed amendments to eight reports to accomplish such aggregation and itemizations, the amendments were filed on March 9, 1987 for contributions which were received in 1983 and 1984.

B. Section 441b violation

The audit of the Committee found that it had accepted 189 contributions, totaling $194,508, that in the view of the Audit staff appeared to be corporate contributions. The Committee acknowledged that it received approximately $25,000 in contributions on checks drawn on accounts of entities with

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"Company and Inc." in their name. However, the question of the legality of these contributions was not resolved within the time frame required by Commission regulations.

C. Section 441a(f) violation

Based on the attribution procedures of Commission regulations, the Committee received $294,100 in contributions which exceeded the limitations of the Act. The Committee asserts that it obtained verification for $235,000 of these contributions which were from both spouses and transferred $58,900 to its federal account. However, these actions were not taken within a reasonable time as required by Commission regulations.

D. Section 441a(a)(8)

The Committee received $23,150 in contributions where the checks had the name of the federal candidate in the payee line, constituting a designation earmarking the contribution to that federal candidate. The Committee neither reported these contributions to the Commission and to the candidates nor forwarded them to the candidates. The Committee deposited the contributions into its own account based on the rationale that the contributions were received in response to solicitations for contributions to the Committee.

E. Violation of 11 C.F.R. § 102.5

The Committee made a $5,000 contribution to a Federal political committee from its non-federal account on October 26, 1984. The Committee did not receive a refund from the Federal political committee until March 7, 1987.

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This Office acknowledges that the Committee corrected some violations; however, the Committee did not do so in a timely manner. Based on the issues and amounts of money involved in this matter, this Office recommends that the Commission reject respondents' request for reconsideration of its probable cause findings. For the same reasons, this Office also recommends that the Commission reject respondents' request for no further action.

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III. RECOMMENDATIONS

1. Reject the request of the Texas Republican Congressional Committee and Martha Weisend, as treasurer, for reconsideration of the Commission's probable cause findings of June 16, 1992.

2. Reject the request of the Texas Republican Congressional Committee and Martha Weisend, as treasurer, to take no further action in this matter.

12/2/92
Date

Lawrence M. Noble
General Counsel

Attachments:
1. Respondent's request for reconsideration of probable cause finding and/or request for no further action
2. Conciliation agreement approved by the Commission on July 8, 1992

Staff Assigned: Mary L. Taksar

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 15, 1992, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 2598:

1. Reject the request of the Texas Republican Congressional Committee and Martha Weisend, as treasurer, for reconsideration of the Commission's probable cause findings of June 16, 1992.

2. Reject the request of the Texas Republican Congressional Committee and Martha Weisend, as treasurer, to take no further action in this matter.

(continued)

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Commissioners Aikens, Elliott, McDonald, and Thomas voted affirmatively for the decision. Commissioner McGarry was not present. Commissioner Potter recused himself from consideration of MUR 2598 and was not present.

Attest:

12-17-92
Date

Marjorie W. Emmons
Secretary of the Commission

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
) MUR 2598
Texas Republican Congressional Committee)
and Martha Weisend, as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 15, 1992, the Commission rejected the request of the Texas Republican Congressional Committee and Martha Weisend, as treasurer, to reconsider its probable cause findings or in the alternative, to take no further action in this matter.

II. DISCUSSION

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III. RECOMMENDATIONS

1.

2. Approve the attached counterproposal and the appropriate letter.

2/3/93
Date

Lawrence M. Noble
General Counsel

Attachments
1. Respondents' counteroffer
2. Proposed counterproposal

Staff Assigned: Mary L. Taksar

9304094512O

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / DONNA ROACH
COMMISSION SECRETARY

DATE: FEBRUARY 8, 1993

SUBJECT: MUR 2598 - GENERAL COUNSEL'S REPORT
DATED FEBRUARY 3, 1993

The above-captioned document was circulated to the Commission on WEDENSDAY, FEBRUARY 3, 1993 at 4:00 P.M.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	XXX
Commissioner Elliott	XXX
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	

This matter will be placed on the meeting agenda for TUESDAY, FEBRUARY 23, 1993.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2598
Texas Republican Congressional Committee)
and Martha Weisend, as treasurer)

AMENDED CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 23, 1993, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 2598:

1.

2. Direct the Office of General Counsel to send a counterproposal

3. Authorize the Office of General Counsel to file a civil suit if the Respondents do not accept the Commission's counterproposal within twenty days of receipt.

Commissioners Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision. Commissioner Aikens was not present. Commissioner Potter recused himself from consideration of MUR 2598 and was not present.

Attest:

2-25-93
Date

Marjorie W. Emmons
Secretary of the Commission

2304094512 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 26, 1993

Jan Witold Baran, Esq.
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer

Dear Mr. Baran:

Enclosed herewith is a conciliation agreement which we submit for your clients' signature. Although I am hopeful that this matter can be settled through a conciliation agreement, please be advised that in the absence of your clients' acceptance of the enclosed agreement within 20 days, the Commission has authorized this Office to institute a civil suit in the U.S. District Court.

Should you have any questions, please contact Mary Taksar, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

93040945123

RECEIVED
F.E.C.
SECRETARIAT
93 MAY 17 PM 4:09

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

SENSITIVE

May 17, 1993

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

Richard B. Bader
Associate General Counsel

Stephen E. Hershkowitz
Assistant General Counsel

SUBJECT: Conciliation Agreement in MUR 2598--Texas Republican Congressional Committee and Martha Weisend, as treasurer

On February 23, 1993, the Commission approved a conciliation agreement in MUR 2598 On that same date, the Commission authorized the Office of General Counsel to file a civil suit in the United States District Court against the Texas Republican Congressional Committee and Martha Weisend, as treasurer, if the Commission's final counterproposal was not approved within 20 days.

93040945124

RECOMMENDATION

Accept the conciliation agreement with Respondents Texas Republican Congressional Committee and Martha Weisend, as treasurer.

ATTACHMENT

Proposed conciliation agreement

93040945125

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: MAY 20, 1993

SUBJECT: MUR 2598 - MEMORANDUM TO THE COMMISSION DATED MAY 17, 1993.

The above-captioned document was circulated to the Commission on Tuesday, May 18, 1993 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for Tuesday, May 25, 1993.

Please notify us who will represent your Division before the Commission on this matter.

93040945126

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2598
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on May 25, 1993, do hereby certify that the Commission decided by a vote of 5-0 to accept the conciliation agreement with Respondents Texas Republican Congressional Committee and Martha Weisend, as treasurer, as recommended in the General Counsel's memorandum dated May 17, 1993.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision. Commissioner Potter recused himself from MUR 2598 and was not present during its consideration.

Attest:

5-26-93
Date

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

93040945127

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 25, 1993

Jan W. Baran
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

Re: MUR 2598
Texas Republican Congressional Committee
and Martha Weisend, as treasurer.

Dear Mr. Baran:

This letter is to notify you that the Commission has accepted the signed conciliation agreement which you submitted in settlement of the above-captioned matter. A copy of that agreement, which has now been executed on behalf of the Commission, is enclosed for your files.

This concludes the Commission's consideration of the matter. The original signed copy of the conciliation agreement will now be forwarded, together with other portions of the Commission's permanent file in MUR 2598, to the Commission's Public Disclosure Division for placement on the public record. See 11 C.F.R. § 4.4. Should you wish to submit any additional legal or factual materials to be placed on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Thank you again for your cooperation. Should you have any questions, please contact me immediately at 202-219-3400.

Sincerely,

Stephen E. Hershkowitz
Assistant General Counsel

Enclosure.

93040945128

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

93 MAY 17 AM 8:19

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as treasurer	)	MUR 2598
	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Texas Republican Congressional Committee ("Committee") and Martha Weisend, as treasurer ("Respondents"), violated 2 U.S.C. §§ 434(b), 441a(a)(8), 441a(f), and 441b and 11 C.F.R. § 102.5(a).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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

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

1. The Texas Republican Congressional Committee is a political committee within the meaning of 2 U.S.C. § 431(4) and

93040945129

the state committee of a political party within the meaning of 2 U.S.C. § 431(15).

2. Martha Weisend is the treasurer of the Texas Republican Congressional Committee. Henry Santamaria was the treasurer of the Texas Republican Congressional Committee in 1984.

3. The Federal Election Campaign Act of 1971, as amended (the "Act"), defines contributions and expenditures to include any gift, payment of money or anything of value for the purpose of influencing any election for federal office. 2 U.S.C. §§ 431(8)(A)(i) and 431(9)(A)(i). The Act further provides that no multicandidate political committee shall make contributions to any candidate or his or her authorized committees with respect to any election for federal office which, in the aggregate, exceed $5,000. 2 U.S.C. § 441a(a)(2)(A). The national committee of a political party may make limited coordinated expenditures in connection with the general election campaign of its presidential candidate. 2 U.S.C. § 441a(d). The national and state committees of a political party may make limited coordinated expenditures in connection with the general election campaigns of their senatorial and congressional candidates. Id. Commission regulations provide that a political party committee may not make independent expenditures on behalf of its candidates. 11 C.F.R. §§ 110.7(a)(5) and 110.7(b)(4). The Act provides that political committees shall not knowingly make expenditures on behalf of a

9304094513O

candidate in violation of the limitations of Section 441a. 2 U.S.C. § 441a(f).

4. The Act provides that any person may contribute up to $5,000 in any calendar year to a multicandidate political committee, such as the Texas Republican Congressional Committee. 2 U.S.C. § 441a(a)(1)(C). The Act prohibits "any corporation whatever" from making any contribution or expenditure in connection with any election for federal office. 2 U.S.C. § 441b(a). The Act provides that a political committee shall not knowingly accept contributions in excess of the limitations of Section 441a or knowingly accept contributions prohibited by Section 441b. 2 U.S.C. §§ 441a(f) and 441b(a). The regulations required a political committee to return all questionable contributions to the contributor or to deposit them within 10 days of receipt. If deposited and reported, the treasurer was required to make his or her best efforts to determine the legality of the contributions. Moreover, if deposited, the treasurer was required to make and retain a written record noting the basis for the appearance of illegality. This statement was to be included in the report. 11 C.F.R. § 103.3(b)(1)(1984). If a contribution could not be determined to be legal, the treasurer should have made refunds within a reasonable time 11 C.F.R. § 103.3(b)(2)(1984.)

5. Pursuant to 2 U.S.C. § 434(b)(3)(A), the Act requires the treasurer of a political committee to disclose the

2304094513 1

identification of each person (other than a political committee) who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of any such contribution. The Act further requires the treasurer to disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution. 2 U.S.C. § 434(b)(3)(B).

6. The Act provides that all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate for purposes of the limitations imposed by 2 U.S.C. § 441a. 2 U.S.C. § 441a(a)(8). Moreover, the intermediary or the conduit must report the original source and the intended recipient of such contribution to the Commission and the intended recipient. Commission regulations define earmarking as:

> a designation, instruction, or encumbrance (including those which are direct or indirect, express or implied, oral or written) which results in all or any part of a contribution or expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate's authorized committee.

9304094513 2

11 C.F.R. § 110.6(b)(1984). The Commission regulations require that earmarked contributions in excess of $50 must be forwarded to the intended recipient within 10 days of their receipt by the conduit or intermediary. 11 C.F.R. § 102.8. The regulations contemplate that earmarked contributions are either passed on to the recipient candidate in the form of the contributor's check or passed through the conduit's bank account and to the recipient in a check from the conduit. 11 C.F.R. § 110.6(c)(1).

7. Commission regulations provide that when an organization finances activity in connection with both federal and nonfederal elections and decides to establish separate federal and nonfederal accounts, the organization must register the federal account with the Commission as a political committee. All disbursements, contributions, expenditures and transfers by the committee in connection with any federal election must be made from the federal account. 11 C.F.R. § 102.5(a)(1)(i).

8. The Committee had receipts and disbursements of approximately $4.7 million in 1983-84, of which approximately $3.2 million in disbursements were made from its Victory '84 account. The Committee also had a Main Operating Account. An examination and audit of these two accounts for the period beginning January 1, 1983, and ending December 31, 1984, was conducted pursuant to 2 U.S.C. § 438(b).

9. The Committee failed to timely aggregate and itemize contributions between its Victory '84 account and its

2304094513 3

main operating account. It filed amendments to eight reports to accomplish such aggregation and itemization, but such amendments were not timely filed.

10. The examination and audit of the Committee found that it had accepted 189 contributions totaling $194,508.00 that, in the view of the audit staff, appeared to be corporate contributions, based on an examination of the contribution checks and cross referencing with the Texas Secretary of State. The Committee has acknowledged that it received approximately $25,000 in contributions on checks drawn on the accounts of entities with "Company" or "Inc." in their names, thus raising the question whether they were corporate contributions requiring further inquiry by the treasurer to ascertain their legality. The question of the legality of these contributions was not resolved within the time frame required by Commission regulations.

11. The Committee received $294,100 in contributions from individuals that, based on the attribution procedures of Commission regulations, exceeded the Act's limitations. The Committee contends that it obtained verification for $235,000 of these contributions that they were from both spouses and transferred $58,900 to its nonfederal account. These actions were not taken within a reasonable time as required by Commission regulations.

12. The Committee received $23,150 in contributions where the checks had the name of a federal candidate in the

2304094513 4

"payee" line. Under Commission regulations, such notations constitute a "designation, instruction, or encumbrance" earmarking the contribution to a clearly identified federal candidate. The Committee did not report these contributions to the Commission and to the candidates and did not forward them to the candidates. Instead, it deposited them in its own accounts on the basis that they were received in response to solicitations for contributions to the Committee.

13. The Committee made a $5,000 contribution to the Gerald R. Ford New Leadership Committee, a federal political committee, from its nonfederal account on October 16, 1984. It did not obtain a refund until March 7, 1987.

V. 1. The Committee failed to aggregate and itemize all contributions requiring aggregation and itemization, in violation of 2 U.S.C. § 434(b);

2. The Committee knowingly accepted $294,100 in contributions in excess of the Act's limitations, in violation of 2 U.S.C. § 441a(f), and knowingly accepted prohibited contributions, in violation of 2 U.S.C. § 441b(a);

3. The Committee received $23,150 in contributions earmarked for federal candidates that it did not report as earmarked contributions to the Commission and to the candidates and that it did not forward to the candidates, in violation of 2 U.S.C. § 441a(a)(8).

2304094513 5

4. The Committee made a $5,000 contribution to the Gerald R. Ford New Leadership Committee, a federal political committee, from its nonfederal account, in violation of 11 C.F.R. § 102.5(a).

VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of forty thousand dollars ($40,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

2. Respondents will transfer $25,000 to their nonfederal account to cover the amount of contributions with "Company" or "Inc." in the name of the contributor.

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 requirements contained in this agreement and to so notify the Commission.

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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 made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

LMNoble (92) 5-25-93

Lawrence M. Noble
General Counsel

Date

FOR THE RESPONDENTS:

5-14-93

Jan Witold Baran
Counsel to Texas Republican
Congressional Committee

Date

23040945137

CEDA CLC 790

RECEIVED
FEDERAL ELECTION COMMISSION

93 MAY 28 AM 9:49

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

May 27, 1993

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

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as Treasurer)

Dear Mr. Noble:

This is in response to a letter of May 25, 1993, in which the Office of General Counsel informed the Texas Republican Congressional Committee and Martha Weisend, as Treasurer, ("State Party") that a conciliation agreement in Matter Under Review 2598 ("MUR 2598") had been accepted by the Federal Election Commission ("FEC" or "Commission"). That letter also informed the State Party of its opportunity to request that certain legal and factual materials be placed on the public record as part of the closed file in the matter.

The State Party wishes to make the following points regarding this matter:

STATEMENT FOR THE PUBLIC FILE

1) Excessive Delays: This case has involved unprecedented and inexplicable delays on the part of the Federal Election Commission. This action involves bookkeeping and reporting issues that are ten years old. As seen in the accompanying chart, this matter emanated from a Commission audit of the 1983-1984 election cycle. Seven years passed from the time the audit commenced to the time the Commission issued its probable cause finding in July, 1992. Of those eighty-four (84) months, the matter was in the hands of the Commission for seventy-three (73) months with delays by the Commission of up to twenty-one (21) months

2304094513 8

at a time. During this same eighty-four (84) month time frame, the State Party responded to all Commission requests and actions within eleven (11) months.

2) Civil Penalty in Lieu of Litigation Expense. The State Party wishes the record to reflect that, contrary to the advice of its counsel, it agreed to settle this matter and pay a civil penalty -- the size of which is unwarranted -- solely to avoid the expense of litigation.

3) Appearance of Political Intervention. In light of the extraordinary delays taken by the Federal Election Commission in this matter, the State Party objects to the ultimatum issued by the Commission that this matter be settled or a lawsuit would be filed prior to the June 5, 1993 special election for United States Senator from Texas. We wish to catalogue for the record that the State Party sought reconsideration of this matter in August, 1992, shortly after receiving notice that the Commission had found probable cause. By coincidence, the State Party received no response from the Commission until December 18, 1992, eight (8) days after former Senator Bentsen's selection as Treasury Secretary, which selection prompted the special election. After seven and one-half years of inexplicable procrastination, the Commission suddenly chose to push this case to conclusion. The Commission's timing creates the unavoidable appearance that it is intervening in the political process.

The State Party requests that this letter and the accompanying chart be placed on the public record.

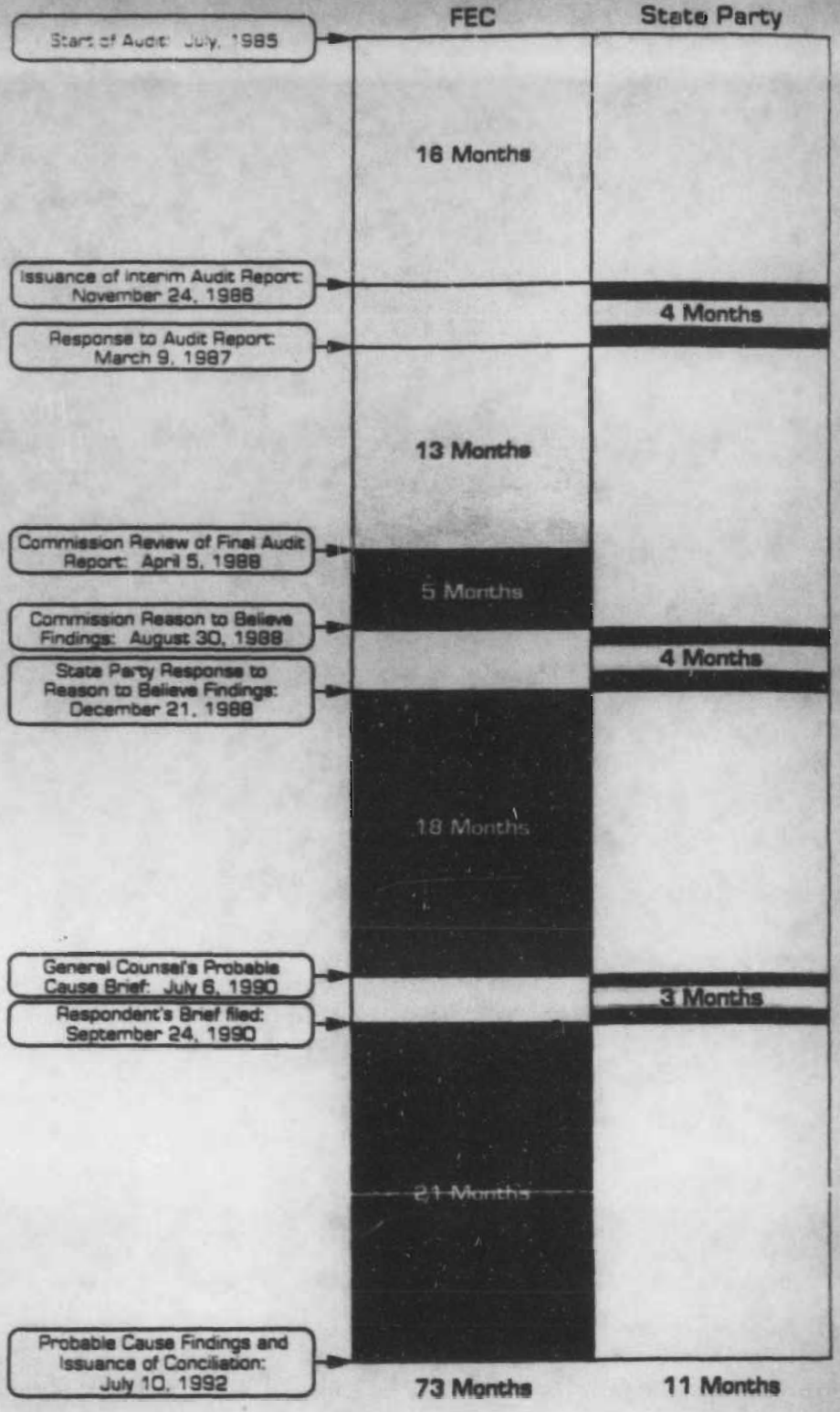
Sincerely,

Jan Witold Baran

cc: Mr. Fred Meyer

23040945139

TEXAS REPUBLICAN CONGRESSIONAL COMMITTEE
AUDIT AND MUR TIMELINE



9304094514O

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2598

DATE FILMED 6/23/93 CAMERA NO. 4

CAMERAMAN E.E.S.

23040945141

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

✓ Microfilm

_____ Public Rcds

_____ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2598.

7/2/93

93040950657

CEDA

OGC 9343

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 25, 1993

93 JUN 28 11:57

TWO WAY MEMORANDUM

TO: OGC, Docket

FROM: Philomena Brooks KB
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from Republican Party of Texas, check number 2124, dated June 21, 1993, and in the amount of $ 32,000.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

Hand Delivered

TO: Philomena Brooks
Accounting Technician

FROM: OGC, Docket By aa

In reference to the above check in the amount of $ 32,000.00 the MUR number is 3598 and in the name of Republican Party of Texas. The account into which it should be deposited is indicated below:

✓ Budget Clearing Account (OGC), 95F3875.16

__ Civil Penalties Account, 95-1099.160

__ Other: _____

Anita Alexander
Signature

6-24-93
Date

9304095065 8

REPUBLICAN PARTY OF TEXAS

2124

FEC Settlement

93 JUN 23 AM 9:56

RECEIVED

FEC MAIL CENTER

U40950659

REPUBLICAN PARTY OF TEXAS
CORPORATE ACCOUNT
BOX 855
AUSTIN, TEXAS 78701

2124

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION
AUSTIN, TEXAS 78789
88-2117-1149

THIRTY-TWO THOUSAND DOLLARS AND 00/CENTS

DATE	AMOUNT
JUNE 21, 1993	$32,000.00

PAY TO THE ORDER OF: U.S. TREASURER

Randall S. Howe
Treas.

⑈002124⑈ ⑆114921172⑆ ⑈09915520528⑈

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN WITOLD BARAN
(202) 429-7330

June 23, 1993

FACSIMILE
(202) 429-7049
TELEX 248349 WYRN UR

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

ATTN: Stephen E.Hershkowitz, Esq.

Re: MUR 2598 (Texas Republican Congressional Committee and Martha Weisend, as treasurer)

Dear Mr. Noble:

I hereby transmit to you the two enclosed checks, payable in the amounts of $32,000 and $8,000 from our client pursuant to the terms of the conciliation agreement in the above-captioned matter. Please be further advised that our client has satisfied all other terms of the agreement, including the required transfer of funds referenced in ¶ VI.2.

I trust that this concludes this case.

Sincerely,

Jan Witold Baran

Encls.
cc: Ms. Martha Weisend
Mr. Fred Meyer
Ms. Karen Hughes

93040950660

CERS OGC 4,42

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 24, 1993

TWO WAY MEMORANDUM

TO: OGC, Docket

FROM: Philomena Brooks PB
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from Texas Republican Campaign Cmte, check number 2945, dated June 21, 1993, and in the amount of $ 8,000.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

Hand Delivered

TO: Philomena Brooks
Accounting Technician

FROM: OGC, Docket By aa

In reference to the above check in the amount of $ 8,000.00, the MUR number is 2598 and in the name of Texas Republican Campaign Cmte. The account into which it should be deposited is indicated below:

✓ Budget Clearing Account (OGC), 95F3875.16

__ Civil Penalties Account, 95-1099.160

__ Other: _____

Anita Alexander
Signature

6-24-93
Date

93 JUN 29 AM 9:58

93040750661

TEXAS REPUBLICAN CAMPAIGN COMMITTEE

2945

FEC Settlement

30409500662

2945

TEXAS REPUBLICAN CAMPAIGN COMMITTEE
P.O. BOX 855 PH. 512-477-9821
AUSTIN, TEXAS 78767

TEXAS COMMERCE BANK-AUSTIN
AUSTIN, TEXAS 78789
88-2117-1149

EIGHT THOUSAND DOLLARS AND 00/CENTS ----------

DATE	AMOUNT
JUNE 21, 1993	$8,000.00

PAY TO THE ORDER OF: U.S. TREASURER

Karen Boyle
Andrea Seal

⑈002945⑈ ⑆114921172⑆ ⑈0991682334 6⑈

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

✓ Microfilm

_____ Public Rcds

_____ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2598.

8/3/93

93040951930

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 12, 1993

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

Richard B. Bader
Associate General Counsel

Stephen E. Hershkowitz
Assistant General Counsel

SUBJECT: Closed MURs 2598, 3193, and 3429

It has come to this Office's attention that because of administrative oversight, the Commission did not formally vote to "close" the following MURs when the Commission voted to accept conciliation agreements:

MUR 2598-Texas Republican Congressional Committee and Martha Weisend, as treasurer;

MUR 3193-Campaign for a New Majority (Federal) and Scott MacKenzie, as treasurer; and

MUR 3429-Nita Lowey for Congress and Aaron Eidelman, as treasurer.

After the Commission approved this Office's recommendations to accept the respective conciliation agreements for these MURs, the cases were treated by the staff as closed and were placed on the public record. To correct this technical oversight, this Office recommends that the Commission close the files in MURs 2598, 3193, and 3429.

RECOMMENDATION

Close the files in MURs 2598, 3193, and 3429.

2304095193 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Texas Republican Congressional Committee and Martha Weisend, as treasurer.	)	MUR 2598
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 15, 1993, the Commission decided by a vote of 5-0 to close the file in MUR 2598, as recommended in the General Counsel's Memorandum dated July 12, 1993.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision. Commissioner Potter recused himself from this matter and did not vote.

Attest:

7-21-93
Date

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

Received in the Secretariat: Mon., July 12, 1993 1:24 p.m.
Circulated to the Commission: Mon., July 12, 1993 4:00 p.m.
Deadline for vote: Thurs., July 15, 1993 4:00 p.m.

bjr

93040951932

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

✓ Microfilm

_____ Public Rcds

_____ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2598.

8/23/93

2304095347

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CLOSED

AUGUST 6, 1993

Beau Boulter
Texans for Beau Boulter
P.O. Box 50908
Amarillo, TX 79159

RE: MUR 2598
Texans for Beau Boulter
and Donald H. Wills,
as treasurer

Dear Mr. Boulter:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. The complete file is now on the public record. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. Any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

mary l Taksar

Mary L. Taksar
Attorney

9304095348

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AUGUST 6, 1993

Frank Northam, Esq.
Webster, Chamberlain & Bean
1747 Pennsylvania Avenue
Washington, D.C. 20006

RE: MUR 2598
Dick Armey Campaign and
Mike Keeling, as treasurer

Dear Mr. Northram:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. The complete file is now on the public record. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. Any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

mary L. Taksar

Mary L. Taksar
Attorney

9304095349