



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR #. 3027
MERGED WITH 2931 & 3027

DATE FILMED 1/16/92 CAMERA NO. 4

CAMERAMAN JAD

92040385006

TII

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

03 JUL 19 AM 9:52

TELEPOST

A Division of Telecommunications Industries, Inc.

1951 Kidwell Drive Vienna, Virginia 22180 703/790-0410
100 Wall Street New York, New York 10005 212/509-6020

July 10, 1989

MUR2931

03 JUL 20 PM 4:08

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Ms. Robyn Jameson
Reports Analyst
Reports Analyst Division
Federal Elections Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Public Affairs PAC;
Report of Receipts and
Disbursements

Dear Ms. Jameson:

It has come to our attention upon review of the public records filed by the above referenced political action committee, Public Affairs PAC (FEC ID No. C00224493), that this Committee claimed on its January 31, 1989 year end report that no debts and obligations were owed BY the Committee (see exhibit A; FEC record, attached hereto). Consequently, Public Affairs PAC did not file a Schedule C and/or Schedule D. Telecommunications Industries Inc. contends that this report is erroneous, that Public Affairs Political Action Committee does in fact have debts owed to our corporation in the amount of \$9,504.73 (see exhibit B; letter from Eugene Delgaudio to our attorney acknowledging this debt). This debt was incurred in July and September of 1988 and Public Affairs PAC was aware of this debt at the time of filing its January 31, 1989 year end report. (see exhibit C; letter to Eugene Delgaudio from their consultant, The Viguerie Company dated December 28, 1988).

We, therefore, believe that Public Affairs Political Action Committee is in violation of Title 2, Section 434 of the U.S. Code. Pursuant to Title 2, Section 437g we wish to file a complaint with the Commission based on this violation. We ask that the Commission investigate this matter, and that any attempts to dissolve this political action committee be stayed on the grounds that there are outstanding debts owed by Public Affairs PAC. In addition, Public Affairs PAC should be required to file a Schedule D indicating the debt owed to TII.

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Ms. Robyn Jimeson
July 10, 1989
Page 2

Respectfully submitted,

Tom Wollman

Thomas Wollman
Controller
Telecommunications Industries Inc.

County of Fairfax,)
Commonwealth of Virginia) SS

Before me Jacqueline Lee Mehter, the undersigned notary public for the Commonwealth of Virginia, personally appeared Thomas Wollman, who, after identifying himself to me, swore and affirmed the 14th day of July 1989 that the statements contained in the foregoing letter to the Federal Election Commission are true and correct to the best of his knowledge and belief.

Jacqueline Lee Mehter
Notary Public (Seal)

My Commission expires April 23, 1993.

cc: Mr. Eugene Delgaudio
President and Treasurer
Public Affairs Political Action Committee
6001 Leesburg Pike
Falls Church, VA 22041

22040385008

60 MAR 20 1989-05

Public Affairs Political Action Comm

3245 Rio Drive NO 1003

CITY, STATE and ZIP CODE

Falls Ch VA 22041

COO 224493

☐ This committee qualified as a nonpartisan committee during this reporting period.

4 TYPE OF REPORT

- (a) ☐ 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)

Monthly Report Due On:

- ☐ February 20 ☐ June 20 ☐ October 20
☐ March 20 ☐ July 20 ☐ November 20
☐ April 20 ☐ August 20 ☐ December 20
☐ May 20 ☐ September 20 ☐ January 21

☐ 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

(b) Is this Report an Amendment? ☐ YES ☐ NO

SUMMARY

5	Covering Period <u>11-29-88</u> through <u>12-31-88</u>	COLUMN A This Period	COLUMN B Calendar Year-to-Date
6	(a) Cash on Hand January 1, 19__		\$ - 0 -
	(b) Cash on Hand at Beginning of Reporting Period	\$ 25,210	
	(c) Total Receipts (from Line 18)	\$ 0	\$ 170,144
	(d) Subtotal (add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B)	\$ 25,210	\$
7	Total Disbursements (from Line 28)	\$ 0	\$ 145,134
8	Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	\$ 25,210	\$
9	Debts and Obligations Owed TO the Committee (Itemize all on Schedule C and/or Schedule D)	\$ - 0 -	
10	Debts and Obligations Owed BY the Committee (Itemize all on Schedule C and/or Schedule D)	\$ - 0 -	

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

Type or Print Name of Treasurer

EUGENE MORGAN

Signature of Treasurer

Eugene Morgan

Date

3-15-89

For further information contact:
Federal Election Commission
950 E Street, NW
Washington, DC 20542
Toll Free 888-424-6530
Local 202-376-3120

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

Exhibit A

FEC FORM 3X
(revised 4/87)

92040385009
0000091391

DISBURSEMENT STATEMENT

Name of Committee: Public Affairs Political Action Com		Form 10-29-77	To: 12-31-78
I. RECEIPTS			
11. CONTRIBUTIONS (other than loans) FROM:			
(a) Individuals/Persons Other Than Political Committees			
(1) Itemized (see Schedule A)		0	
(2) Unitemized		0	135,000
(3) Total of contributions from individuals		0	135,000
(b) Political Party Committees		0	
(c) Other Political Committees (such as PACs)		0	
(4) TOTAL CONTRIBUTIONS (add 11(a)(1), (a)(2), and (b))		0	135,000
12. TRANSFERS FROM AFFILIATED/OTHER PARTY COMMITTEES		1	—
13. ALL LOANS RECEIVED		0	18,056
14. LOAN REPAYMENTS RECEIVED		1	—
15. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)		1	1
16. REFUNDS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		1	—
17. OTHER RECEIPTS (Dividends, Interest, etc.)		1	—
18. TOTAL RECEIPTS (add 11(4), 12, 13, 14, 15, 16 and 17)		0	170,144
II. DISBURSEMENTS			
19. OPERATING EXPENDITURES		1	3431
20. TRANSFERS TO AFFILIATED/OTHER PARTY COMMITTEES		1	—
21. CONTRIBUTIONS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		1	—
22. INDEPENDENT EXPENDITURES (see Schedule E)		0	108,353
23. COORDINATED EXPENDITURES MADE BY PARTY COMMITTEES (2 U.S.C. 441a(d)) (see Schedule F)		1	—
24. LOAN REPAYMENTS MADE		0	20,870
25. LOANS MADE		1	—
26. REFUNDS OF CONTRIBUTIONS TO:			
(a) Individuals/Persons Other Than Political Committees		1	—
(b) Political Party Committees		1	—
(c) Other Political Committees (such as PACs)		1	—
(d) TOTAL CONTRIBUTION REFUNDS (add 26(a), (b), and (c))		1	—
27. OTHER DISBURSEMENTS		1	12480
28. TOTAL DISBURSEMENTS (add 19, 20, 21, 22, 23, 24, 25, 26(d) and 27)		0	145,134
III. NET CONTRIBUTIONS/OPERATING EXPENDITURES			
29. TOTAL CONTRIBUTIONS (other than loans) (from Line 11(d))		0	170,344
30. TOTAL CONTRIBUTION REFUNDS (from Line 26(d))		0	170,344
31. NET CONTRIBUTIONS (other than loans) (subtract Line 30 from 29)		0	—
32. TOTAL OPERATING EXPENDITURES (from Line 19)		1	3431
33. OFFSETS TO OPERATING EXPENDITURES (from Line 15)		1	—
34. NET OPERATING EXPENDITURES (subtract Line 33 from 32)		1	3431

22040385010

May 27, 1989

Eugene Delgaudio
Chairman, PA PAC, Inc.
6001 Leesburg Pike
Falls Church, Va. 22041

Dear Krista L. Peterson:

I am in receipt of your letter dated May 25, 1989.

Thank you for writing me and informing me of the debt owed to TII by PA PAC. The amount, \$9,554.73 is not in dispute.

PA PAC made some payments at the time of the order and PA PAC paid out \$100,000 to several suppliers in 1988. I am making a sincere and continuing effort to pay all debts.

I recommend keeping up with any progress made by me. And waiting.

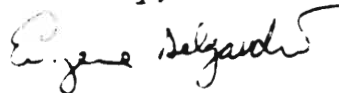
I assure you I do not collect a salary or remuneration of any kind. I am a volunteer.

I assure you I do not have the money to pay this bill.

Thru my effort and the effort of new direct mail agency assistance (formerly PA PAC hired The Viguerie Company --where this bill originated ---, and the Conover Company) PA PAC will pay this bill. In fact PA PAC has hired its third (3rd) agency in our effort to pay this bill.

I invite your encouragement and that of TII's, so that PA PAC can again pay out \$100,000 in 1989 as it did in 1988.

Sincerely,



Eugene Delgaudio
Chairman, PA PAC

K.L. Peterson
Barton and Mountain
Box 7286
Mc Lean, Va. 22106-7286

Exhibit B

The Viguerie Company

7777 Leesburg Pike □ Falls Church, Virginia 22043 □ (703) 356-0440

December 28, 1988

Public Affairs Political Action Committee
ATTN: Mr. Eugene Delgaudio, Chairman
6001 Leesburg Pike, Suite 3
Falls Church, VA 22041

Dear Eugene:

Upon investigation of the monies owed to TTI by Public Affairs Political Action Committee, I have determined the following items which have created the confusion we had regarding the debt.

Unbeknownst to us at the time, Telepost and Priority Express are both division of TTI. TTI therefore considers the Telepost debt and the Priority Express debt as one debt owed to TTI by Public Affairs PAC. The breakdown is as follows:

I. TELEPOST

<u>Invoice No.</u>	<u>Date</u>	<u>Amount</u>
8807105	07/31/88	\$ 433.10
8807056	07/28/88	<u>2,137.88</u>
Sub-Total		\$2,570.98

II. PRIORITY EXPRESS

<u>Invoice No.</u>	<u>Date</u>	<u>Amount</u>
147	09/06/88	\$4,859.45
147A	09/28/88	<u>2,124.30</u>
Sub-Total		\$6,983.75

GRAND TOTAL \$9,554.73

I trust this will help clear up any confusion regarding these PAPAC debts.

Sincerely,

Thomas Paul de Witt

THOMAS PAUL DE WITT
Account Executive

cc: Christine Grose, TTI

Exhibit C

22040385012



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20563

August 4, 1989

Thomas Wollman, Controller
Telecommunications Industries, Inc.
1951 Kidwell Drive
Vienna, VA 22180

RE: MUR 2931

Dear Mr. Wollman:

This letter acknowledges receipt on July 20, 1989, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by the Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 2931. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints. If you have any questions, please contact Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

92040385013



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1989

Eugene Delgaudio, Treasurer
Public Affairs Political Action Committee
3245 Rio Drive, No. 1003
Falls Church, VA 22041

RE: MUR 2931

Dear Mr. Delgaudio:

The Federal Election Commission received a complaint which alleges that the Public Affairs Political Action Committee and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2931. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Public Affairs Political Action Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

22040385014

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel


By: Lois G. Lerner
Associate General Counsel

Enclosures

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

22040385015

28C 4215

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

GILMAN, OLSON & PANGLOSS OCT-6 PM 2:27

ATTORNEYS AT LAW

1815 H STREET, NORTHWEST

WASHINGTON, D.C. 20006-3604

TELEPHONE 466-6100

FACSIMILE TELEPHONE 331-8886

NICHOLAS GILMAN, P.C. (DC, MD, PA)
WILLIAM A. OLSON, P.C. (DC, VA)
MICHAEL J. PANGLOSS, P.C. (DC, NY)

WILTON J. SMITH (VA)
RICHARD R. STONE (DC, MD)

OF COUNSEL
GUY O. FARLEY, JR. (VA)
JOHN S. MILES (DC, MD)

SUITE 200
1080 JENNIFER DRIVE
FAIRFAX, VIRGINIA 22030
(703) 861-8800

SUITE 600
1420 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-4430

HAGAN

October 5, 1989

HAND DELIVER

Lois G. Lerner, Esquire
Associate General Counsel
Federal Election Commission
999 E Street, N.W., 6th Floor
Washington, D.C. 20463

Re: Public Affairs Political Action Committee
MUR No. 2931

Dear Ms. Lerner:

We represent Public Affairs Political Action Committee (hereinafter PA-PAC), and our client's signed Statement of Designation of Counsel is attached hereto.

In accordance with our telephone conversation of September 28, 1989, we are hereby responding to your letter of August 4, 1989.

The sole charge being brought by complainant is that PA-PAC failed to disclose on its 1988 year-end report an alleged indebtedness by PA-PAC to complainant TTI Telepost said to have been incurred during 1988.

I. The complaint should be dismissed as it represents a misuse of the FEC complaint process to coerce payment of a disputed debt.

Complainant TTI Telepost, as Telecommunications Industries, Inc., has already filed two lawsuits in Fairfax County General

22040385016

District Court against PA-PAC for the collection of certain amounts that it claims to be due. (Attachments I & II hereto.)

These lawsuits were filed on or about June 30, 1989, and the complaint with the FEC, dated July 10, 1989, was filed shortly thereafter. PA-PAC is being represented by counsel in Fairfax County, has disputed the matter, and trial is scheduled for November 1989.

Therefore, the complaint that has been filed against PA-PAC with the FEC appears to be nothing more than an improper attempt by a direct mail vendor, TTI Telepost, to abuse the FEC complaint process in order to put extra pressure and legal burdens upon PA-PAC in order to coerce payment by PA-PAC of complainant's disputed invoices. As such, it should be dismissed out of hand.

TTI Telepost's complaint inadvertently discloses its real motivation in filing this complaint by requesting "that any attempts to dissolve this political action committee be stayed on the grounds that there are outstanding debts owed by Public Affairs PAC." As no such attempt to dissolve PA-PAC has been made, it can only be assumed that "creditor's rights" concerns has prompted TTI Telepost's actions, rather than any desire to maintain the integrity of the Federal Election Campaign Act.

Complainant's further request that "Public Affairs PAC should be required to file a Schedule D indicating the debt owed to TTI" is revealing, in that it has attempted to put PA-PAC into the position of being punished by the FEC for failing to admit an obligation which PA-PAC has disputed and which was in litigation at the time that the complaint was filed with the FEC.

II. PA-PAC had no direct business dealings with TTI Telepost during the relevant period.

As implicitly conceded in TTI Telepost's complaint, PA-PAC had had no direct business dealings with complainant in 1988. Any services rendered by TTI Telepost were rendered to The Viguerie Company in Virginia, who was then acting as a direct mail marketing firm for PA-PAC. PA-PAC was provided certain information by The Viguerie Company with regard to its dealings with firms called Telepost and Priority Express, but no information whatsoever regarding complainant TTI Telepost.

It is hardly surprising that there is confusion as to any indebtedness by PA-PAC to TTI Telepost, as Exhibit C to complainant's own complaint reveals that TTI Telepost apparently created confusion even with The Viguerie Company, with which it was dealing, as to its true identity. In a letter dated December 28, 1988, an account executive with The Viguerie Company stated

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"[u]nbeknownst to us at the time, Telepost and Priority Express are both division[s] of TTI."

Moreover, substantial invoices from TTI Telepost's divisions were in fact paid during late 1988. There were apparently significant disagreements between The Viguerie Company and its vendors, Telepost and Priority Express, as to when the work was to be performed, and when payment would be due. These contract terms regarding performance and payment are among the issues being litigated in Fairfax General District Court. It should also be determined there whether The Viguerie Company contracted with TTI Telepost directly, or as an agent for PA-PAC. It is PA-PAC's position that TTI Telepost substantially breached its agreement with The Viguerie Company, resulting in the delay of extremely time-sensitive mail, which in turn resulted in substantial losses of contributions to PA-PAC, and that most of the monies claimed to be owed are not in fact owed.

III. PA-PAC is an independent political committee run by volunteers and had not received the disputed invoices before January 31, 1989.

Even if PA-PAC were to be unsuccessful in its assertion of defenses and claims against TTI Telepost in the pending litigation in Fairfax General District Court, and even if the indebtedness was properly incurred by The Viguerie Company as an agent acting on behalf of PA-PAC, rather than in its own name, PA-PAC should not be penalized for failing to list this indebtedness. PA-PAC operates with volunteer staff, including a volunteer treasurer.

The 1988 year-end report was submitted based upon the best information available at the time. During January 1989, when the year end report was being prepared, PA-PAC was going through the difficult period of terminating its relationship with The Viguerie Company, as PA-PAC had received a notice of termination from The Viguerie Company. Apparently, PA-PAC was experiencing difficulty in obtaining complete information from The Viguerie Company. In fact, it was not until after the January 31, 1989 due date for the year-end report had passed that The Viguerie Company furnished to PA-PAC's treasurer copies of the disputed invoices.

IV. PA-PAC made disclosure of the dispute with TTI Telepost before receiving the FEC's inquiry.

PA-PAC made disclosure of a potential debt to TTI Telepost in its 1989 mid-year filing on July 31, 1989. On August 4, 1989, the FEC wrote to PA-PAC regarding the matters in question. Therefore, PA-PAC has already disclosed the matter on its FEC report even though it is still in dispute.

02040385018

We trust that, with this explanation, the complaint before the FEC will be dismissed. Should you have any additional questions, please do not hesitate to contact us.

Sincerely yours,



William J. Olson

WJO:gw

Enclosures

2204085019

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2931
NAME OF COUNSEL: William Olson
ADDRESS: 1815 H ST. NW
WASH DC 20006
(202) 466-5100
TELEPHONE: 202 546-3224 } MR. DEL CAUDIO'S
703-845-1808 } TELEPHONE NUMBERS

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.

0 Oct 5 1989 Eugene Delgaudio
Date Signature

RESPONDENT'S NAME: PUBLIC AFFAIRS PAC
EUGENE DELCAUDIO, Treasurer
ADDRESS: Public Affairs PAC
3245 Rte DR
Falls Ch VA 22041
HOME PHONE: _____ } see above
BUSINESS PHONE: _____ }

92040385020

WARRANT IN DEBT

9 2 0 4 0 3 8 5 0 2 1

VA CODE ANN, § 16.1-79

FAIRFAX COUNTY

CITY OR COUNTY

General District Court

COURT ROOM 2-A, 4110 CHAIN BRIDGE ROAD, FAIRFAX, VIRGINIA 22030

STREET ADDRESS OF COURT

TO ANY AUTHORIZED OFFICER: You are commanded to summon the Defendant(s).

TO THE DEFENDANT(S): You are summoned to appear before this Court at the above address

July 26, 1989

to answer the Plaintiff(s)' civil claim (see below).

RETURN DATE AND TIME

DATE ISSUED

☐ CLERK ☐ DEPUTY CLERK ☐ MAGISTRATE

Claim: Plaintiffs claim that Defendant(s) owe Plaintiff(s) a debt in the sum of

6,933.75 net of any credits, with interest at % from until paid.

INTEREST RATE

DATE FROM WHICH IS DUE

costs, and \$

ATTY FEE

attorney's fees with the basis of this claim being

COSTS

☐ Open Account

☒ Contract

☐ Note

☐ Other (EXPLAIN)

Homestead Exemption waived?

☐ Yes

☐ No

☒ cannot be demanded

June 30, 1989

DATE

Theresa L. Peterson

☐ PLAINTIFF

☒ PLAINTIFF'S ATTY.

☐ PLAINTIFF'S EMPLOYEE

Case Disposition

JUDGMENT that Plaintiff(s) recover against ☐ named Defendant(s) ☐

net of any credits, with interest at % from until paid.

INTEREST RATE

DATE FROM WHICH IS DUE

costs, and \$

ATTY FEE

attorney's fees

COSTS

Homestead Exemption waived?

☐ Yes

☐ No

☐ cannot be demanded

JUDGMENT FOR

☐ NAMED DEFENDANT

☐

NON-SUIT

☐ DISMISSED

Defendant(s) Present?

☐ Yes

☒ No

RETURN DATE

CASE NO.

Telecommunications Industries Inc

PLAINTIFF

1951 Kidwell Drive, Suite 340

Vienna Virginia 22180

V.

Public Affairs PAC

DEFENDANT

Serve: Mr. Eugene Delgadino, President

6001 Leesburg Pike

Falls Church, Virginia 22041

WARRANT IN DEBT

RECEIPT NO.

DATE FEE RECEIVED

TO DEFENDANT: You are not required to appear; however, if you fail to appear, judgment may be entered against you. See the additional notice on the back side. To dispute this claim, you should appear on the return date:

☐ to try this case.

☒ for the judge to set another date for trial.

Bill of Particulars

ORDERED

DUE

Grounds of Defense

ORDERED

DUE

ATTORNEY FOR PLAINTIFF(S)

ATTACHMENT 1

WARRANT IN DEBT

VA CODE ANN § 16.1-79

RETURN DATE

CASE NO.

FAIRFAX COUNTY

CITY OR COUNTY

General District Court

COURT ROOM 2-A, 4110 CHAIN BRIDGE ROAD, FAIRFAX, VIRGINIA 22030

STREET ADDRESS OF COURT

TO ANY AUTHORIZED OFFICER: You are commanded to summon the Defendant(s).

TO THE DEFENDANT(S): You are summoned to appear before this Court at the above address

on July 20, 1989 9:30 to answer the Plaintiff(s)' civil claim (see below).

RETURN DATE AND TIME

DATE ISSUED

☐ CLERK ☐ DEPUTY CLERK ☐ MAGISTRATE

89 JUN 30

Claim: Plaintiffs claim that Defendant(s) owe Plaintiff(s) a debt in the sum of

\$ 2,570.98 net of any credits, with interest at % from until paid.

\$ costs, and \$ attorney's fees with the basis of this claim being

☐ Open Account ☒ Contract ☐ Note ☐ Other (EXPLAIN)

Homestead Exemption waived? ☐ Yes ☐ No ☒ cannot be demanded

DATE

☐ PLAINTIFF ☒ PLAINTIFF'S ATTY. ☐ PLAINTIFF'S EMPLOYEE

Case Disposition

JUDGMENT that Plaintiff(s) recover against ☐ named Defendant(s) ☐

\$ net of any credits, with interest at % from until paid.

\$ costs, and \$ attorney's fees

Homestead Exemption waived? ☐ Yes ☐ No ☐ cannot be demanded

☐ JUDGMENT FOR ☐ NAMED DEFENDANT ☐

☐ NON-SUIT ☐ DISMISSED

Defendant(s) Present? ☐ Yes

☐ No

Telecommunications Industries Inc

PLAINTIFFS

1951 Kidwell Drive, Suite 340

Vienna, Virginia 22180

V.

Public Affairs PAC (PA PAC)

DEFENDANT(S)

Serve: Mr. Eugene Delgaudio

6001 Leesburg Pike

Falls Church, Virginia 22041

WARRANT IN DEBT

RECEIPT NO.

DATE FEE RECEIVED

TO DEFENDANT: You are not required to appear; however, if you fail to appear, judgment may be entered against you. See the additional notice on the back side. To dispute this claim, you should appear on the return date:

☐ to try this case.

☒ for the judge to set another date for trial.

Bill of Particulars

ORDERED

DUE

Grounds of Defense

ORDERED

DUE

ATTORNEY FOR PLAINTIFF(S)

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 27 June 1989

ANALYST: Robyn Jameson

I. COMMITTEE:

**Public Affairs PAC
(C00224493)
Eugene A. Delgaudio, Treasurer
3245 Rio Drive #1003
Falls Church, VA 22041**

II. RELEVANT STATUTE:

**2 U.S.C. §441b(a)
2 U.S.C. §434(a)(4)(A)(ii)
11 CFR 104.5(c)(1)(ii)(A)**

III. BACKGROUND:

- A. Failure to File the 12 Day Pre-General Report by
Election Day - 2 U.S.C. §434(a)(4)(A)(ii)
11 CFR 104.5(c)(1)(ii)(A)**

The Public Affairs PAC ("the PAC") failed to file the 12 Day Pre-General Report of Receipts and Disbursements by Election Day, November 8, 1988. On October 3, 1988, the PAC was notified that a 12 Day Pre-General Report was due on October 27, 1988, if contributions and expenditures, which had not been previously reported, were made in connection with the general election (Attachment 2).

On December 12, 1988 the 1988 30 Day Post-General Report was filed which covered the 12 Day Pre-General reporting period. This report disclosed an Independent Expenditure made on October 17, 1988, indicating a 12 Day Pre-General Report should have been filed by October 27, 1988 (Attachment 3).

- B. Receipt of Apparent Prohibited Funds - 2 U.S.C. §441b(a)**

The PAC's 1988 October Quarterly Report disclosed an \$11,375 loan received on September 2, 1988 from a corporation, Direct Marketing Finance and Escrow (Attachment 4).

92040385023

PUBLIC AFFAIRS PAC
REPORTS ANALYSIS OGC REFERRAL
PAGE 2

On November 22, 1988, the Reports Analysis Division ("RAD") analyst sent the PAC a Request for Additional Information ("RFAI") advising the PAC to refund or transfer-out the prohibited funds (Attachment 5).

In letters dated November 29 and December 8, 1988, Eugene Delgaudio, treasurer of the PAC, informed the Commission that a response to the RFAI would be forthcoming (Attachment 6). On December 15, 1988, a Second Notice was sent to the PAC for inadequately responding to the RFAI (Attachment 7).

A response was received from the PAC on January 3, 1989, dated December 19, 1988. The response stated the loan was not made to the PAC but to the PAC's fundraising firm and the fundraising firm requested the PAC to make payments directly to Direct Marketing Finance and Escrow. With a check dated October 11, 1988 the PAC made a payment of \$14,189.26 to Direct Marketing Finance and Escrow (Attachment 8).

The RAD analyst attempted to contact Mr. Delgaudio on January 17, 1989 to explain to him that because the loan had not been received by the PAC, they had inflated their receipts reported on the 1988 October Quarterly Report. To accurately report the activity, an amendment should be filed removing the loan. However, there was no answer at his number (Attachment 9). The RAD analyst continued to try and contact Mr. Delgaudio through January and February (Attachment 10). On February 21, 1989 Mr. Delgaudio was reached at his home. The RAD analyst explained that the figures on the report should be changed to coincide with the statements made in his letter. He said he would amend the report (Attachment 11).

An amendment was not filed and on June 5, 1989 Mr. Delgaudio was again contacted. The RAD analyst explained once more that the report should coincide with his letter if the PAC did not receive the loan. He stated he would amend the report and subsequent reports that were affected (Attachment 12).

As of this date, the report has not been amended to accurately reflect the activity regarding the loan.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

92040385024

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	# OF COVERAGE DATES PAGES TYPE OF FILER	MICROFILM LOCATION TYPE OF FILER
PUBLIC AFFAIRS PAC					
CONNECTED ORGANIZATION: NONE					
REQUEST FOR ADDITIONAL INFORMATION 2ND					
1988 STATEMENT OF ORGANIZATION					
MISCELLANEOUS REPORT	TO FEC				
MISCELLANEOUS REPORT	TO FEC				
MISCELLANEOUS REPORT	TO FEC				
APRIL QUARTERLY		41,382	15,980		
APRIL QUARTERLY	- AMENDMENT	41,382	15,980		
REQUEST FOR ADDITIONAL INFORMATION					
JULY QUARTERLY		58,135	70,848		
NOTICE OF FAILURE TO FILE					
REQUEST FOR ADDITIONAL INFORMATION					
REQUEST FOR ADDITIONAL INFORMATION 2ND					
OCTOBER QUARTERLY		45,942	28,473		
OCTOBER QUARTERLY	- AMENDMENT	45,942	28,473		
OCTOBER QUARTERLY	- AMENDMENT	-	-		
REQUEST FOR ADDITIONAL INFORMATION					
POST-GENERAL		24,885	29,813		
POST-GENERAL	- AMENDMENT	24,885	29,813		
POST-GENERAL	- AMENDMENT	-	-		
REQUEST FOR ADDITIONAL INFORMATION					
REQUEST FOR ADDITIONAL INFORMATION 2ND					
YEAR-END		0	0		
NOTICE OF FAILURE TO FILE					
TOTAL		170,344	0 145,134	0	86 TOTAL PAGES

ID 000224493 NON-PARTY NON-QUALIFIED

0 00 1 88FEC/574/5308
12MAR88 2 88FEC/513/1398
12AUG88 2 88FEC/541/3125
30NOV88 2 88FEC/566/0924
12DEC88 2 88FEC/572/5259
1MAR88 -31MAR88 4 88FEC/519/3414
1MAR88 -31MAR88 9 88FEC/528/1622
1MAR88 -31MAR88 2 88FEC/528/0329
1APR88 -30JUN88 8 88FEC/540/5287
1APR88 -30JUN88 1 88FEC/541/0415
1APR88 -30JUN88 1 88FEC/543/4961
1APR88 -30JUN88 2 88FEC/547/3500
1JUL88 -30SEP88 9 88FEC/555/1523
1JUL88 -30SEP88 9 88FEC/557/4716
1JUL88 -30SEP88 4 88FEC/575/5335
1JUL88 -30SEP88 3 88FEC/565/4295
1OCT88 -28NOV88 11 88FEC/572/3608
1OCT88 -28NOV88 5 88FEC/572/3614
1OCT88 -28NOV88 1 88FEC/589/1379
1OCT88 -28NOV88 1 88FEC/585/1015
1OCT88 -28NOV88 2 88FEC/588/0586
29NOV88 -31DEC88 4 88FEC/589/1380
29NOV88 -31DEC88 1 88FEC/589/1447

All Reports have been reviewed

Cash on hand as of 12/31/88: \$25,210

Debts owed to the committee as of 12/31/88: 0

Debts owed by the committee as of 12/31/88: 0

9204035025

REPORT NOTICE

FEDERAL ELECTION COMMISSION

PARTIES AND PACs

October 3, 1988

I. ALL MONTHLY FILERS

Report	Reporting Period	Reg./Cert. Mailing Date*	Filing Date
Pre-General	10/01/88**-10/19/88	10/24/88	10/27/88
Post-General	10/20/88 -11/28/88	12/08/88	12/08/88

II. QUARTERLY FILERS THAT MAKE GENERAL ELECTION CONTRIBUTIONS OR EXPENDITURES FROM OCTOBER 1 THROUGH OCTOBER 19***

Report	Reporting period	Reg./Cert. Mailing Date*	Filing Date
Pre-General	10/01/88**-10/19/88	10/24/88	10/27/88
Post-General	10/20/88 -11/28/88	12/08/88	12/08/88

III. QUARTERLY FILERS WHICH DO NOT MAKE GENERAL ELECTION CONTRIBUTIONS OR EXPENDITURES FROM OCTOBER 1 THROUGH OCTOBER 19***

Report	Reporting Period	Reg./Cert. Mailing Date*	Filing Date
Post-General	10/01/88**-11/28/88	12/08/88	12/08/88

WHO MUST FILE

Party committees and PACs must follow the above charts in order to determine whether they must file the pre-general election report. All Party committees and PACs, regardless of financial activity, must file the post-general election report.

WHAT MUST BE REPORTED

All financial activity (not previously reported) that occurred during the reporting period.

*Reports sent by registered or certified mail must be postmarked by the mailing date. Otherwise, they must be received by the filing date.

**Or from the date of registration, or the close of books of the last report filed, whichever is later.

***Committees that made general election contributions or expenditures prior to October 1 which have not been previously reported must also follow the Chart II reporting requirements.

FOR INFORMATION, Call: 202/376-3120 or 800/424-9530

(over)

202040335026

REPORTING FORMS

Party committees and PACs use Form 3X (enclosed).

WHERE TO FILE

Consult the instructions on the back of the Form 3X Summary Page.
Note State filing requirements also.

LABEL

Committees should affix the peel-off label from the envelope to Line 1 of the report. Corrections should be made on the label.

LAST-MINUTE INDEPENDENT EXPENDITURES

Any PAC which makes any independent expenditures aggregating \$1,000 or more during the period beginning October 20 and ending November 6 must report them within 24 hours. Call the FEC for more information.

COMPLIANCE

TREASURERS OF POLITICAL COMMITTEES ARE RESPONSIBLE FOR FILING ALL REPORTS ON TIME. FAILURE TO DO SO IS SUBJECT TO ENFORCEMENT ACTION. COMMITTEES FILING ILLEGIBLE REPORTS OR USING NON-FEC FORMS WILL BE REQUIRED TO REFILE.

22040385027

REPORT OF COMMITTEE TO THE FEDERAL ELECTION COMMISSION (Summary Page)

ATTACHMENT 3

(Page 1 of 3)

FED-1

00DEC 12 AM 10:01

Public Affairs Political Action Committee

Committee Number and Name ☐ Check if different from previously reported
245 Rio Drive NA 1003

2. FPC IDENTIFICATION NUMBER

COC 24493

State and ZIP CODE
Falls Church VA 22041

3. ☐ This committee qualified as a nonfederal committee during this reporting period

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)
- ☐ Termination Report

Monthly Report Due On

- ☐ February 20 ☐ June 20 ☐ October 20
- ☐ March 20 ☐ July 20 ☐ November 20
- ☐ April 20 ☐ August 20 ☐ December 20
- ☐ May 20 ☐ September 20 ☐ January 21

☐ Twelfth day report preceding _____ (Type of Election)

election on _____ in the State of _____

☐ Twelfth day report following the General Election on _____ in the State of _____

POST-GENERAL Report
12/8/88

Is this Report an Amendment? ☐ YES ☒ NO

SUMMARY of

Covering Period NOV. 1 - OCT. 28 through NOV. 28

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
(a) Cash on Hand January 1, 19__		\$ - 0 -
(b) Cash on Hand at Beginning of Reporting Period	\$ 30138	
(c) Total Receipts from Line 1(b)	\$ 24885	\$ 188,900
(d) Subtotal (add Lines 6(b) and 8(d) for Column A and Lines 6(a) and 8(d) for Column B)	\$ 55023	\$
(e) Total Disbursements from Line 2(b)	\$ 29813	\$ 145,134
(f) Cash on Hand at Close of Reporting Period (subtract Line 7 from Line 6(d))	\$ 25210	\$

(g) Debt and Obligations Owed TO the Committee
(or due to Committee as on Schedule C and/or Schedule D)

\$ - 0 -

(h) Debt and Obligations Owed BY the Committee
(or due from Committee as on Schedule C and/or Schedule D)

\$ - 0 -

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

Type or Print Name of Treasurer
EUGENE DELGANDIS

Signature of Treasurer
Eugene Delgandis

For further information contact:
Federal Election Commission
990 E Street NW
Washington, DC 20463
Tel Free 800-426-6920
Local 202-376-2120

Date
Dec 8 1988

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Report to the penalties of 2 USC 9437g

FEC FORM 3X
(revised 6/87)

DECLARATION OF CAMPAIGN FINANCIAL DISBURSEMENTS

DECLARATION OF CAMPAIGN FINANCIAL DISBURSEMENTS		Period: OCT 7 87 to NOV. 28
Column A Total Disbursements		Column B Total Disbursements
I. RECEIPTS		
CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees (such as PACs)		
TOTAL CONTRIBUTIONS (add 11(a), (b), and (c))		
DISBURSEMENTS FROM AFFILIATED OTHER PARTY COMMITTEES		
DISBURSEMENTS RECEIVED		
DISBURSEMENTS PAID		
DISBURSEMENTS TO OPERATING EXPENDITURES (Political, Religious, etc.)		
DISBURSEMENTS OF CONTRIBUTIONS MADE TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
DISBURSEMENTS RECEIPTS (Dividends, Interest, etc.)		
TOTAL RECEIPTS (add 11(a), 12, 13, 14, 15, 16 and 17)		
II. DISBURSEMENTS		
DISBURSEMENTS TO AFFILIATED OTHER PARTY COMMITTEES		
DISBURSEMENTS TO FEDERAL CANDIDATES AND OTHER POLITICAL COMMITTEES		
DISBURSEMENTS INDEPENDENT EXPENDITURES (see Schedule E)		
DISBURSEMENTS MADE BY PARTY COMMITTEES (see U.S.C. 441(a)(2) (see Schedule F))		
DISBURSEMENTS PAID		
DISBURSEMENTS MADE		
DISBURSEMENTS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees (such as PACs)		
TOTAL CONTRIBUTION REFUNDS (add 20(a), (b), and (c))		
DISBURSEMENTS		
TOTAL DISBURSEMENTS (add 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100)		
NET CONTRIBUTIONS-OPERATING EXPENDITURES		
NET CONTRIBUTIONS (other than loans) (from Line 11(a))		
NET CONTRIBUTION REFUNDS (from Line 20(a))		
NET CONTRIBUTIONS (other than loans) (from Line 20 from 20)		
TOTAL OPERATING EXPENDITURES (from Line 18)		
DISBURSEMENTS TO OPERATING EXPENDITURES (from Line 18)		
NET OPERATING EXPENDITURES (from Line 20 from 20)		

FORMED INDEPENDENT EXPENDITURES

See Form 10 for instructions

1. 1

Public Affairs Political Action Committee C00224493

NAME AND ADDRESS OF DONOR	NAME OF CONTRIBUTOR	DATE RECEIVED	AMOUNT	NAME OF PERSON RECEIVING OR CONTROLLED BY THE CONTRIBUTOR & OTHERS
K & K Enterprises P.O. Box 4315 Smithburg VA 24502	Postage for message letter on George Bush	0-17 1988	3114	George Bush President
Double Envelope Box 7000 RANNEY, VA 24019	Printing of envelopes for message on Jesse Jackson	10-20-88 11-2-88	2000 2000	Jesse Jackson President
Prince Litho 8900 Lee Highway Fairfax VA 22031	Printing of letter message on Jesse Jackson	10-20-88 11-2-88	3000 2000	Jesse Jackson President
American Mailing List Co. 7777 Leesburg Ave Falls Ch VA 22043	Rental of list of names for mailing on Jesse Jackson	10-20-88	600	Jesse Jackson President
Palmer Technical Services 8701 Georgia Avenue Silver Spring MD 20910	Mail Preparation of message on Jesse Jackson	10-20-88 11-2-88 11-21-88	600 250 1000	Jesse Jackson President
ARICO Systems 7705 Carleigh Hwy Springfield VA 22152	Mail Preparation of message on George Bush	10-20-88 11-2-88	100 250	George Bush President

TOTAL OF FORMED INDEPENDENT EXPENDITURES

TOTAL OF UNFORMED INDEPENDENT EXPENDITURES

TOTAL INDEPENDENT EXPENDITURES

14914

710

15,624

I, the undersigned, certify that the independent expenditures reported herein were not made in connection with any election, primary or caucus, or in connection with any candidate or any authorized committee or agent of any candidate or authorized committee. Furthermore, these expenditures were made for the purpose of disseminating information or education or otherwise for or in support of any campaign material created by the candidate, the authorized committee, or their agent.

Subscribed and sworn to before me this _____ day of _____

My Commission expires _____

NOTARY PUBLIC

Signature

Date

REPORT OF RECEIPTS AND DISBURSEMENTSFor Other Than An Authorized Committee
(Summary Page)

FID#

88 OCT 16 2-11

NAME OF COMMITTEE (in full)

Public Affairs Political Action Committee Inc

ADDRESS (number and street)

2245 Rio Drive No. 1003

☐ Check if different than previously reported

CITY, STATE and ZIP CODE

Falls Church VA 22041

FEC IDENTIFICATION NUMBER

C00224493

☐ This committee qualified as a political committee DURING THIS Reporting Period on**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)☐ Termination Report

Monthly Report Due On

☐ February 20☐ June 20☐ October 20☐ March 20☐ July 20☐ November 20☐ April 20☐ August 20☐ December 20☐ May 20☐ September 20☐ January 21☐ Twelfth day report preceding

Type of Election

election on

in the State of

☐ Thirtieth day report following the General Election

in the State of

(D) Is this Report an Amendment?

☐ YES☒ NO**SUMMARY**

Covering Period 07/01/88 through 09/30/88

COLUMN A
This PeriodCOLUMN B
Calendar Year to Date

1 Cash on Hand January 1, 1988

50-

2 Cash on Hand at Beginning of Reporting Period

\$ 12,669

3 Total Receipts (from Line 1B)

\$ 45,942

\$ 145,459

4 Subtotal: add Lines 6(b) and 6(c) for Column A and Lines 6(a) and 6(c) for Column B

\$ 58,611

\$

5 Total Disbursements (from Line 2B)

\$ 28,473

\$ 115,321

6 Cash on Hand at End of Reporting Period (subtract Line 5 from Line 4)

\$ 30,138

\$

7 Deficit and Liabilities Owed TO the Committee (Itemize on Schedule C and/or Schedule D)

\$ -0-

For further information contact:

8 Deficit and Liabilities Owed BY the Committee (Itemize on Schedule C and/or Schedule D)

\$ 11,375.00

Federal Election Commission
2000 Crystal Drive
Washington, DC 20004
(202) 453-7000

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

Type and Print Name of Treasurer
EUGENE DELGANDISType and Print Name of Candidate
Eugene DelGandisDate
10-15-88

FEC FORM 3

SCHEDULE C
 Schedule C-1

LOANS

Committee (in full)

PUBLIC AFFAIRS Political Action Committee

Full Name, Mailing Address and ZIP Code of Loan Source
Direct Marketing Finance & Escrow
10521 West Drive
PO Box 22030
FAIRFAX VA 22030

Original Amount
of Loan

11,375

Comprehensive Payment
To Date

- 0 -

Balance Outstanding at
Close of This Period

11,375

Classification: ☐ Primary ☒ General ☐ Other (Specify)

Date Incurred **9-2-88**

Date Due **9-12-88**

Interest Rate **21**

Secured

Collateral

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

Comprehensive Payment
To Date

Balance Outstanding at
Close of This Period

Classification: ☐ Primary ☒ General ☐ Other (Specify)

Date Incurred

Date Due

Interest Rate

Secured

Collateral

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

\$



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20541

10-2

NOV 22 1988

Eugene A. Delgado, Treasurer
Public Affairs PAC
1245 Rio Drive #1001
Falls Church, VA 22041

Identification Number: C00224403

Reference: October Quarterly Report (7/1/88-9/30/88)

Dear Mr. Delgado:

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

-Your report discloses an apparent contribution(s) from a corporation(s) (pertinent portion attached). You are advised that a contribution from a corporation is prohibited by the Act, unless made from a separate segregated fund established by the corporation. (2 U.S.C. §441b(a)) If you have received a corporate contribution(s), the Commission recommends that you refund the full amount to the donor(s) in accordance with 11 CFR 103.3(b). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests.

Please inform the Commission immediately in writing and provide a photocopy of your check for the refund or transfer-out. In the best interests of the committee, all refunds and transfers-out should be made within thirty days of the treasurer's receipt of the contribution. See 11 CFR 103.3(b). Refunds and transfers-out should be disclosed on a supporting Schedule B for Line 26 or 28 of the report covering the period during which they are made.

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information.

3 7 7 3 3 6 5 4 2 7 3

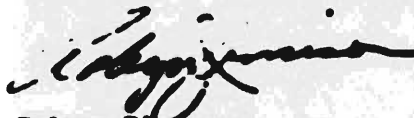
RJ

Although the Commission may take further legal steps concerning the existence of a prohibited contribution, prompt action by your committee to refund or otherwise out the amount will be taken into consideration.

-Line 22 of the Detailed Summary Page of your report discloses a total of \$20,473 in independent expenditures. The sum of the entries itemized on Schedule E, however, indicates the total to be \$25,070. Please amend your report to clarify the discrepancy.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2400.

Sincerely,



Robyn Johnson
Reports Analyst
Reports Analysis Division

92040385034
30033651275

~~CONFIDENTIAL~~

NOV 29 PM 4-00

November 29, 1988

Robyn Jameson
Reports Analyst
Reports Analysis Division
FEC
Washington, D.C. 20463

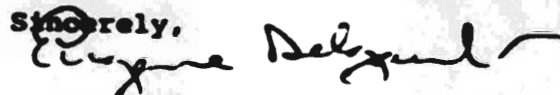
Dear Robyn Jameson:

Am in receipt of your November 22 letter.

I will respond by December 15 to it.

Thank you.

Sincerely,



Eugene Delaudio
Treasurer

PA PAC
3245 Rio Drive #1003
Falls Church, Va. 22041

92040385035

FECH

SMW

00 DEC 12 AMW: 43

December 8th, 1988

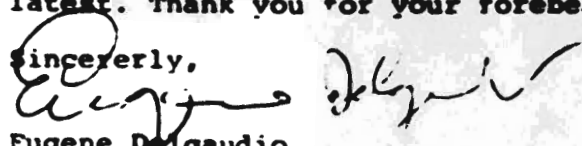
Robyn Jameson
Reports Analyst
Reports Analysis Division
FEC
Washington, DC 20463

Dear Robyn Jameson:

I sent you a letter recently in response to
your November 22nd letter.

I am working on a response still, and will
send a letter before December 30th, the
latest. Thank you for your forbearance.

Sincerely,


Eugene Delgaudio
Treasurer
PA PAC
3245 Rio Drive #1003
Falls Church, Va. 22041



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

EQ-6

December 15, 1988

Eugene A. Delgaudio, Treasurer
Public Affairs PAC
3245 Rio Drive #1003
Falls Church, VA 22041

Identification Number: C00224493

Reference: October Quarterly Report (7/1/88-9/30/88)

Dear Mr. Delgaudio:

On November 22, 1988 you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

The Commission is in receipt of your letters dated November 29, 1988 and December 8, 1988. Please be advised that if the information requested by the Commission is not received within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Robyn Jimeson on our toll-free number (800) 424-9530 or our local number (202) 376-2480.

Sincerely,

A handwritten signature in cursive script, reading "John D. Gibson".

John D. Gibson
Assistant Staff Director
Reports Analysis Division

RECEIVED
FEDERAL ELECTION COMMISSION
JAN 1989

**PUBLIC AFFAIRS PAC
3245 RIO DRIVE #1003
FALLS CHURCH, VIRGINIA 22041**

88-JAN-3 AM 10:00**December 19, 1988**

**Rebyn Jimeson
Reports Analyst
Reports Analysis Division
Federal Election Commission
Washington, D.C. 20463**

Dear Ms. Jimeson:

This letter is written in response to your letter of November 22, 1988 making inquiry concerning Public Affairs PAC's (PA-PAC) October 15, 1988 quarterly report. Your letter raises two questions, which will be addressed in sequence.

First, you ask about an "apparent contribution(s) from a corporation(s)" with regard to a loan/receipt from Direct Marketing Finance & Escrow, which we understand you have identified to be a corporation. This item should have never been identified as a receipt by PA-PAC, and I would like to explain how this mistake occurred, based on what I have been able to reconstruct from the circumstances.

PA-PAC has entered into an agreement with a firm for fund raising services. The fund raising firm, in turn, arranged to send out certain fund raising mailings on behalf of PA-PAC. The fund raising firm subcontracted with a firm in Fairfax, Virginia to do certain of the printing and mailing work related thereto. Apparently the printing/mailing firm wanted payment up front, and requested same from the direct marketing firm which was unable or unwilling to pay for these services at that time. The fund raising firm did, however, itself make an arrangement to obtain a loan from Direct Marketing Finance & Escrow, which monies were paid directly to the printing/mailing firm.

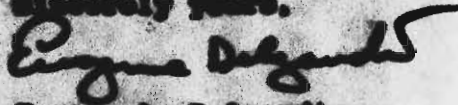
PA-PAC erroneously identified the \$11,375 loan from Direct Marketing Finance & Escrow to the fund raising firm, which was paid to the printing/mailing firm, as a loan to PA-PAC, which it was not.

Subsequently, our fund raising firm requested PA-PAC to pay \$14,189 to Direct Marketing Finance & Escrow for monies owed to the printing/mailing firm. This is why the PA-PAC Post-General Election Report filed on December 8, 1988 showed a payment of this amount to Direct Marketing Finance & Escrow.

With respect to the second question, we have prepared an amendment to our October 15, 1988 which corrects the discrepancy that you noted concerning independent expenditures.

We trust that this clears up the confusion, and we will prepare amendments to our quarterly reports in the near future to reflect what actually happened with respect to this transaction. If you have any further questions, we would be pleased to respond to them.

Sincerely yours,



Eugene A. Delgaudio
Treasurer

Enclosure

204000039
3 1 7 5 3 1 1

PUBLIC AFFAIRS PAC
ESCHOW FUND
PHONE 301-229-2011
5101 GEORGETOWN AVE. SUITE 11 B
SILVER SPRING, MD 20910

(3 of 3)

1062

01 10 1990

01 10 1990

01 10 1990

PAY TO THE ORDER OF

Dispot Marketing Finance & Escrow

14,307.00

Fourteen thousand one hundred eighty nine dollars 26/100

DOLLARS



MARKET STREET OFFICE
MARYLAND NATIONAL BANK
1001 MARKET STREET, BALTIMORE, MD 21202

Carol Schiano

0001062 CUS50032726

510330527*

1000106210926*

13
1000106210926*
000 200-1200

07 08 14

Carol Schiano
1000106210926*
000 200-1200

TELECON

ANALYST: Jimeson

CONVERSATION WITH: Eugene A. Delgaudio, Treasurer

COMMITTEE: Public Affairs PAC

DATE: 1/17/89

SUBJECT(S): Loan reported on October Quarterly Report

I attempted to contact Mr. Delgaudio concerning the loan disclosed on the October Quarterly Report, and to explain that if the loan had not been received by the committee an amendment should be filed so the receipt totals were not inflated.

There was no answer at his number.

22040385041

ANALYST: Jameson

CONVERSATION WITH: Eugene A. Delgaudio, Treasurer

COMMITTEE: Public Affairs PAC

DATE: January and February 1989

SUBJECT(S): Loan reported on October Quarterly Report

I attempted to contact Mr. Delgaudio, at his home, concerning the loan disclosed on the October Quarterly Report. I have received no answer.

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TELECON

ANALYST: Jimeson

CONVERSATION WITH: Eugene A. Delgaudio, Treasurer

COMMITTEE: Public Affairs PAC

DATE: February 21, 1989

SUBJECT(S): Loan reported on October Quarterly Report

I explained to Mr. Delgaudio that the figures on the October Quarterly Report should coincide with what he had stated in his letter. He said that the committee had not received the loan, but that they had repaid it for the fundraising firm.

I explained that if the committee did not receive the loan it should not be reported as being received, because it inflated the committee's receipt totals. I told him the report should be amended and the loan removed.

Mr. Delgaudio said he would amend the report.

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ANALYST: Jimeson

CONVERSATION WITH: Eugene A. Delgaudio, Treasurer

COMMITTEE: Public Affairs PAC

DATE: June 5, 1989

SUBJECT(S): Loan reported on October Quarterly Report

I contacted Mr. Delgaudio to inform him the amended October Quarterly Report had not been filed.

I again explained the report should not disclose the loan if it was not received by the committee. He stated that as far as he knew the loan had not been received by the committee, but by the fundraising firm.

We then discussed the repayment of the loan disclosed on the 30 Day Post General Report. He was told if there was no loan the payment should be disclosed on a Schedule B.

Mr. Delgaudio stated he would amend the reports.

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

RAD Referral 89L-26/MUR 2931
STAFF MEMBER: Frances B. Hagan

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

RESPONDENTS: Public Affairs Political Action
Committee
Eugene A. Delgaudio, Treasurer
Direct Marketing Finance & Escrow

RELEVANT STATUTES: 2 U.S.C. § 434(a)(4)(A)(ii)
2 U.S.C. § 434(b)(8)
2 U.S.C. § 441b(a)
2 U.S.C. § 441b(b)(2)

INTERNAL REPORTS CHECKED: Referral Materials

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter (89L-26) was referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") based on the 1987-1988 RAD Review and Referral Procedures for Unauthorized Committees. MUR 2931 is a complaint filed by Tom Wollman of Telecommunications Industries, Inc.

II. FACTUAL AND LEGAL ANALYSIS

RAD Referral

Late-filing

Section 434(a)(4)(A)(ii) of Title 2 provides that unauthorized committees filing quarterly shall file 12 Day Pre-General Reports if the committee makes any contributions to or expenditures on behalf of federal candidates in the general

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election. The pre-election reports are to be filed no later than the 12th day before the election and should be complete as of the 20th day before the election.

According to RAD, the Public Affairs PAC ("the Committee") and Eugene A. Delgaudio, as treasurer, failed to file the 1988 12 Day Pre-General Report in a timely manner. The report was due by October 27, 1988. On December 12, 1988, the Committee filed the 1988 30 Day Post-General Report which covered the 12 Day Pre-General reporting period. This report disclosed an independent expenditure made during the pre-primary period, indicating that the 12 Day Pre-General Report should have been filed. Therefore, there is reason to believe the Committee violated 2 U.S.C. § 434(a)(4)(A)(ii).

Corporate Contribution

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate or labor organization contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party.

The Committee's 1988 October Quarterly Report disclosed receipt of a corporate loan of \$11,375 from Direct Marketing Finance and Escrow ("DMF&E"), a corporation. In response to RFAIs questioning the loan, the Committee stated that the loan was not made to the Committee and that the transaction had been "erroneously identified" as a direct receipt. The treasurer

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explained that the Committee's fundraising firm had obtained the loan from DMF&E to pay a subcontractor up-front for printing and mailing on behalf of the Committee. According to the Committee, the fundraising firm requested, and the Committee subsequently paid DMF&E \$14,189 "for monies owed to the printing/ mailing firm." The payment was reported on the 1988 30 Day Post-General Election Report as a reimbursement disbursement.

It appears that the fundraising firm, as the Committee's agent, arranged the loan from the corporation DMF&E to fund the services of the printing/ mailing subcontractor. It further appears that the Committee directly repaid the corporation for the advance. Therefore, there is reason to believe that the Committee violated 2 U.S.C. § 441b(a) in this matter by accepting corporate funds; and that the corporation DMF&E violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Committee. Because the relationship between the fundraising firm and the corporate lender DMF&E is not known, we will ask a question regarding the relationship.

The Complaint

Reporting of debts

2 U.S.C. § 434(b)(8) requires disclosure of the amount and nature of outstanding debts and obligations owed by or to a committee.

Complainant, Thomas Wollman, Controller of Telecommunications Industries, Inc. ("TII"), alleged that the Committee failed to report on its 1988 Year End Report debts of \$9,504.73 owed to the complainant. The complainant, a Committee vendor, stated that

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the debts were incurred in July and September 1988. Complainant provided a letter to the Committee from the Committee's direct mail consultant (the Viguerie Company) dated December 28, 1988, providing detailed information concerning the invoices and amounts in question. Complainant also provided a copy of a letter from the Committee treasurer to the complainant's attorney setting forth the Committee's efforts to pay the debts.

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The Committee response to the complaint stated that the debt was in dispute and that the complainant had filed two lawsuits against the Committee for collection. The Committee stated that it had no direct dealings with the complainant/vendor during 1988 as the company was a subcontractor with the Committee's direct mail consulting firm (Viguerie). The Committee asserted that it had not actually received the invoices in question until after the January 31, 1989 filing date, although it had been notified of the amount owed. The Committee response noted that it had disclosed "a potential debt to TII" on its 1989 Mid-Year Report. That report shows debts of \$73,832 owed by the Committee of which \$6,754.73 are reported owed to TII. The report indicated that at least one payment had been made on the outstanding debt.

The Commission has considered the issue of reporting disputed debts on several occasions. The Commission has repeatedly concluded that disclosure should be required when a reporting entity has received goods or services, has been billed for such services but has not paid the amount billed, and when the cost of such goods or services is in dispute. The debt should be reported as incurred at the time the invoice for the disputed

amount was received. See MURs 2521 (Contesti), 2146 (Allen), 1360 (Reagan), 1355 (Carter-Mondale), and 1899 (Kusic).

In this case, the Committee apparently omitted the debts in question from the 1988 Year End Report, but disclosed a debt to TII in its 1989 Mid-Year Report. Therefore, there is reason to believe the Committee violated 2 U.S.C. § 434(b)(8) for failing to continuously report an outstanding debt. The debt should be reported in the amount billed with a note stating that the amount of the debt is in dispute.

III. MERGER

Because Public Affairs Political Action Committee and its treasurer are named in both the RAD referral and the complaint, this Office is recommending that the two matters be merged.

IV. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Public Affairs PAC and Eugene A. Delgaudio, as treasurer, violated the following:
 - a) 2 U.S.C. § 434(a)(4)(A)(ii);
 - b) 2 U.S.C. § 434(b)(8);
 - c) 2 U.S.C. § 441b(a).
3. Find reason to believe that Direct Marketing Finance and Escrow violated 2 U.S.C. § 441b(a).
4. Merge MUR 2931 with the new MUR.

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5. Approve the attached letters, Factual and Legal Analyses, and Interrogatories.

Lawrence M. Noble
General Counsel

1-10-90
Date

BY:



Lois G. Lerner
Associate General Counsel

Attachments:

- A. Referral Materials
B. Proposed Letters, Factual and Legal Analyses, and Interrogatories (two of each)

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS *DN*
COMMISSION SECRETARY

DATE: JANUARY 16, 1990

SUBJECT: RAD REFERRAL 89L-26 & MUR 2931
1st GENERAL COUNSEL'S REPORT DATED 1/10/90

The above-captioned document was circulated to the Commission on Thursday, January 11, 1990 at 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 Josefiak	XXXX
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda for Tuesday, January 23, 1990.

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

Public Affairs Political Action Committee
Eugene A. Delgaudio, Treasurer
Direct Marketing Finance & Escrow

) RAD Referral
) # 89L-26
) and
) MUR 2931
)

(MUR)
3027

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 30, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to the above-captioned matters:

1. Open a Matter Under Review (MUR).
2. Find reason to believe that Public Affairs PAC and Eugene A. Delgaudio, as treasurer, violated the following:
 - a) 2 U.S.C. § 434(a)(4)(A)(ii);
 - b) 2 U.S.C. § 434(b)(8); and
 - c) 2 U.S.C. § 441b(a).
3. Find reason to believe that Direct Marketing Finance and Escrow violated 2 U.S.C. § 441b(a).

(continued)

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Federal Election Commission
Certification for RAD Referral 89L-26
and MUR 2931
January 30, 1990

Page 2

4. Merge MUR 2931 with the new MUR.
5. Approve the letters, Factual and Legal Analyses, and Interrogatories attached to the General Counsel's report dated January 10, 1990.

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

Attest:

2-1-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OGC 9478

February 5, 1990

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027
Public Affairs PAC
Eugene Delgaudio, as treasurer

Dear Mr. Olson:

On August 4, 1989, the Federal Election Commission notified your clients, Public Affairs PAC and Eugene Delgaudio, as treasurer, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and internally generated information, the Commission, on January 30, 1990, found that there is reason to believe that Public Affairs PAC and Eugene A. Delgaudio, as treasurer, violated 2 U.S.C. §§ 434(a)(4)(A)(ii), 434(b)(8) and 441b(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. In addition, the Commission also determined to merge this matter (MUR 2931) with MUR 3027. Both matters will now be known as MUR 3027.

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

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

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William J. Olson, Esquire
Page 2

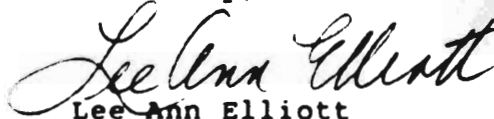
General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at 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.

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.

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,


Lee Ann Elliott
Chairman

Enclosure
Questions
Factual and Legal Analysis

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) **MUR 3027**
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**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

**TO: Eugene A. Delgaudio, Treasurer
Public Affairs Political
Action Committee
3245 Rio Drive, No. 1003
Falls Church, Virginia 22041**

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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 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. 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 originals.

Public Affairs Political Action Committee

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 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.

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.

"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.

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INTERROGATORIES - PUBLIC AFFAIRS PAC

1. On the Public Affairs PAC ("Committee") 1988 October Quarterly, you reported receipt of a loan from the corporation Direct Marketing Finance & Escrow ("DMF&E"). In your letter to the Reports Analysis Division dated December 19, 1988, you discussed the loan arrangement. Identify the "fund raising firm," the "printing/mailling firm" subcontractor, the "direct marketing firm," and Direct Marketing Finance & Escrow Corporation referenced in that letter.
2. Explain your relationship to The Viguerie Company, and describe all services provided to you by that company during 1988. Provide copies of all contracts between the Committee and The Viguerie Company.
3. Was it the Committee's understanding that The Viguerie Company would arrange financing for services to be provided by subcontractors? If so, provide the basis for your understanding and produce documents to support your answer.
4. Explain the relationship between DMF&E and The Viguerie Company, if known.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Public Affairs PAC MUR: 3027
Eugene A. Delgaudio,
as treasurer

Late-filing

Section 434(a)(4)(A)(ii) of Title 2 provides that unauthorized committees filing quarterly shall file 12 Day Pre-General Reports if the committee makes any contributions to or expenditures on behalf of federal candidates in the general election. The pre-election reports are to be filed no later than the 12th day before the election and should be complete as of the 20th day before the election.

According to the Reports Analysis Division ("RAD"), the Public Affairs PAC ("the Committee") and Eugene A. Delgaudio, as treasurer, failed to file the 1988 12 Day Pre-General Report in a timely manner. The report was due by October 27, 1988. On December 12, 1988, the Committee filed the 1988 30 Day Post-General Report which covered the 12 Day Pre-General reporting period. This report disclosed an independent expenditure made during the pre-primary period, indicating that the 12 Day Pre-General Report should have been filed. Therefore, there is reason to believe that the Committee violated 2 U.S.C. § 434(a)(4)(A)(ii).

Corporate Contribution

2 U.S.C. § 441b(a) prohibits the making or knowing receipt of

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corporate or labor organization contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party.

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The Committee's 1988 October Quarterly Report disclosed receipt of a corporate loan of \$11,375 from Direct Marketing Finance and Escrow ("DMF&E"), a corporation. In response to RAD's Requests For Additional Information ("RFAI") questioning the loan, the Committee stated that the loan was not made to the Committee and that the transaction had been "erroneously identified" as a direct receipt. The treasurer explained that the Committee's fundraising firm had obtained the loan from DMF&E to pay a subcontractor up-front for printing and mailing on behalf of the Committee. According to the Committee, the fundraising firm requested, and the Committee subsequently paid DMF&E \$14,189 "for monies owed to the printing/ mailing firm." The payment was reported on the 1988 30 Day Post-General Election Report as a reimbursement disbursement.

It appears that the fundraising firm, as the Committee's agent, arranged the loan from the corporation DMF&E to fund the services of the printing/ mailing subcontractor. It further appears that the Committee directly repaid the corporation for the advance. Therefore, there is reason to believe that the Committee violated 2 U.S.C. § 441b(a) in this matter.

The Complaint

Reporting of debts

2 U.S.C. § 434(b)(8) requires disclosure of the amount and nature of outstanding debts and obligations owed by or to a committee.

Complainant, Thomas Wollman, Controller of Telecommunications Industries, Inc. ("TII"), alleged that the Committee failed to report on its 1988 Year End Report debts of \$9,504.73 owed to the complainant. The complainant, a Committee vendor, stated that the debts were incurred in July and September 1988. Complainant provided a letter to the Committee from the Committee's direct mail consultant (the Viguerie Company) dated December 28, 1988, providing detailed information concerning the invoices and amounts in question. Complainant also provided a copy of a letter from the Committee treasurer to the complainant's attorney setting forth the Committee's efforts to pay the debts.

The Committee response to the complaint stated that the debt was in dispute and that the complainant had filed two lawsuits against the Committee for collection. The Committee stated that it had no direct dealings with the complainant/vendor during 1988 as the company was a subcontractor with the Committee's direct mail consulting firm (Viguerie). The Committee asserted that it had not actually received the invoices in question until after the January 31, 1989 filing date, although it had been notified of the amount owed. The Committee response noted that it had disclosed "a potential debt to TII" on its 1989 Mid-Year Report. That report shows debts of \$73,832 owed by the Committee of which

\$6,754.73 are reported owed to TII. The report indicated that at least one payment had been made on the outstanding debt.

The Commission has considered the issue of reporting disputed debts on several occasions. The Commission has repeatedly concluded that disclosure should be required when a reporting entity has received goods or services, has been billed for such services but has not paid the amount billed, and when the cost of such goods or services is in dispute. The debt should be reported as incurred at the time the invoice for the disputed amount was received. See MURs 2521 (Contesti), 2146 (Allen), 1360 (Reagan), 1355 (Carter-Mondale), and 1899 (Kusic).

In this case, the Committee apparently omitted the debts in question from the 1988 Year End Report, but disclosed a debt to TII in its 1989 Mid-Year Report. The debt should be reported in the amount billed with a note stating that the amount of the debt is in dispute. Therefore, there is reason to believe that the Committee violated 2 U.S.C. § 434(b)(8) for failure to continuously report an outstanding debt.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 5, 1990

**Direct Marketing Finance
and Escrow
10521 West Drive
Fairfax, Virginia 22030**

**RE: MUR 3027
Direct Marketing Finance
and Escrow**

Dear Sir or Madam:

On January 30, 1990, the Federal Election Commission found that there is reason to believe Direct Marketing Finance and Escrow violated 2 U.S.C. § 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

Requests for extensions of time will not be routinely

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Direct Marketing Finance and Escrow
Page 2

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 Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures

Factual and Legal Analysis
Procedures
Designation of Counsel Form
Questions

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Direct Marketing Finance
and Escrow

MUR: 3027

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2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate or labor organization contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party.

The Public Affairs Political Action Committee's ("Committee") 1988 October Quarterly Report disclosed receipt of a corporate loan of \$11,375 from Direct Marketing Finance and Escrow ("DMF&E"), a corporation. In response to Reports Analysis Division ("RAD") inquiries questioning the loan, the Committee stated that the loan was not made to the Committee and that the transaction had been "erroneously identified" as a direct receipt. The Committee treasurer explained that the Committee's fundraising firm had obtained the loan from DMF&E to pay a subcontractor up-front for printing and mailing on behalf of the Committee. According to the Committee, the fundraising firm requested, and the Committee subsequently paid DMF&E \$14,189 "for monies owed to the printing/mailing firm." The payment was reported on the 1988 30 Day Post-General Election Report as a

reimbursement disbursement.

It appears that the fundraising firm, as the Committee's agent, arranged the loan from the corporation DMF&E to fund the services of the printing/mailing subcontractor. It further appears that the Committee directly repaid the corporation for the advance. Therefore, there is reason to believe that the corporation DMF&E violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Committee.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

**TO: Direct Marketing Finance and Escrow
10521 West Drive
Fairfax, Virginia 22030**

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 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline. 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 originals.

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DMP&E

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 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.

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.

"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.

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INTERROGATORIES - DIRECT MARKETING FINANCE AND ESCROW

1. Describe the nature of your business and identify the names of the corporation's officers. Provide a copy of the Articles of Incorporation.
2. Were you established or incorporated by, or are you a subsidiary of, The Viguerie Company, located in Falls Church, Virginia? Explain the relationship that exists between DMF&E and The Viguerie Company.
3.
 - a) Did DMF&E advance funds to or on behalf of the Public Affairs Political Action Committee in 1988.
 - b) Identify all persons involved in the transactions referenced above, including the persons who arranged the transactions, the party on whose behalf such transactions were arranged and the person(s) who repaid the amounts involved in the transactions.
 - c) State the amount involved in each transaction, the purpose for the transaction and the date(s) and amount(s) of repayment.

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RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
90 FEB 26 AM 9:50

GILMAN, OLSON & PANGIA
ATTORNEYS AT LAW
1816 H STREET, NORTHWEST
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PHILADELPHIA, PENNSYLVANIA 19106
(215) 546-1420

February 23, 1990

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Mrs. Hagan:

I have received Chairman Elliott's letter of February 5, 1990, and have obtained information relative to the Interrogatories and Request for Production of Documents enclosed therewith.

Today I called to explain that we could not arrange for our client's response this week, but was advised you were out of the office.

It is our intention to have our client's response to you on or before Monday, March 5, and we would request an extension until that date. Thank you for your assistance.

Sincerely yours,


William J. Olson

WJO:gw

Enclosure
cc: Eugene Delgaudio

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FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

92040885070



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 28, 1990

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027
Public Affairs PAC, and
Eugene Delgaudio, as treasurer

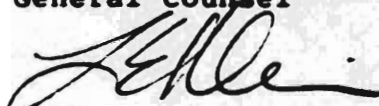
Dear Mr. Olson:

This is in response to your letter dated February 23, 1990, which we received on February 26, 1990, requesting an extension until March 5, 1990 to respond to the Commission. 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 March 5, 1990.

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lisa E. Klein
Assistant General Counsel

92040385071

ACC 9622



Direct Marketing Finance & Escrow, Inc.

3951 University Drive
Fairfax, Virginia 22030 703/591-7111

February 21, 1990

General Counsel
Federal Election Commission
999 E Street, N.W., Room 659
Washington, D.C. 20463

Re: MUR 3027
Direct Marketing Finance & Escrow, Inc.

Dear Sirs:

Please accept this as my reply to your letter to me dated February 5, 1990 in the above matter.

I have enclosed my responses to the Interrogatories you sent me, and I hope this information will suffice to address your concerns.

As I understand it, you are concerned that Direct Marketing Finance & Escrow Inc. (DMFE) may have violated a law cited as 2 U.S.C. Section 441b(b)(2) in making a corporate contribution defined as any "payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee or political party." You cite some report from a Public Affairs Political Action Committee to the effect that DMFE loaned them money and they repaid it.

Frankly, I have little idea what this is about. DMFE has never made any contributions, or even loans, to any "candidate, campaign committee or political party."

Moreover, we have never had any dealings whatsoever with anything called the "Public Affairs Political Action Committee."

DMFE is a small finance company that makes loans to direct marketing agencies that need money to pay for the "up-front" costs of the direct mail they do for their clients, i.e. things like postage, some printing bills, etc.

Our business is only with direct marketing advertising agencies which meet our standards of creditworthiness, reliability and repayment history. Furthermore, the loan funds are disbursed directly to the U.S. postmaster or mail house designated by our borrower/agencies, as an added precaution on our part against diversion of funds. As a further such precaution, our agreements with our borrower/agencies require all proceeds from the mailings we finance to be received in an independent escrow account, and for

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COUNSEL

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our loans (with fees and interest) to be repaid us directly by the escrow agent from the first monies received from the mailing we financed. In this way, we prevent either the direct marketing agency or its own clients from directly handling the loan monies, to guard against diversion of funds.

I have reviewed our records to attempt to ascertain which loan transaction may be at the root of your concerns. We did, on September 2, 1988, make an \$11,375.00 loan to a direct marketing agency, The Viguerie Company, with the loan proceeds payable to the mail house they were using, Priority Express, for a mailing The Viguerie Company was doing for a client they identified as "Public Advocacy Political Action Committee." This may, in fact, be the organization you identify as "Public Affairs Political Action Committee," but we cannot confirm that.

Our records further show that the borrower, The Viguerie Company, was credited with a repayment in full in the amount of \$14,189.26. As to this loan repayment, we have no documentation or recollection of the repayment funds coming to us from any source other than in the ordinary course of business, which would be through the escrow account maintained by The Viguerie Company.

This is the full extent of any involvement DMFE may have had with the group you identify as "Public Affairs Political Action Committee." We sure did not make any loan to this group, nor can I imagine how this group could have gotten hold of the loan funds which were made payable to the mail house designated by our borrower, The Viguerie Company.

It concerns us greatly that this Public Affairs Political Action Committee has reported to you that they received this \$11,375.00 loan from us or that they reimbursed us for some kind of expenditure we made for them. This is not what happened, and it is not the way we do business.

If, in fact, our loan proceeds were somehow diverted and put into the hands of this Public Affairs Political Action Committee, I cannot comprehend how this happened, and it certainly would have happened without our knowledge or consent, being contrary to the terms of our agreement with our borrower, The Viguerie Company.

Ms. Frances B. Hagan, of your staff, informed me in a telephone conversation that FEC considers a loan, even if made in the ordinary course of our business and fully repaid with interest, to be the equivalent of a prohibited contribution if made to a political action committee. Frankly, that seems strange to me as a layman and I was not aware of that. But if this is true, I do not see how DMFE violated this law in the way in which we do business, as explained above. While our

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agency/borrower, The Viguerie Company, did identify its client as the "Public Advocate Political Action Committee", this identification for our purposes was simply to aid in our bookkeeping as a way for us to reference and track this particular loan to The Viguerie Company. In every loan we make, the borrower is strictly the direct marketing advertising agency, our loan agreement is strictly with this agency as borrower, and the legal obligation to repay the loan rests exclusively with this agency/borrower. We make loans only to creditworthy direct marketing agencies -- not to their clients, whether they be political action committees or any other type of organization.

Let me reiterate to make this absolutely clear: On September 2, 1988, our company DMFE loaned money --\$11,375.00 -- to an advertising agency, The Viguerie Company, to finance postage expenses owed by The Viguerie Company to its contractor, Priority Express, for The Viguerie Company to do a mailing for a client of theirs identified as "Public Advocacy Political Action Committee." Our loan agreement with The Viguerie Company made them exclusively liable to repay this loan with interest through their escrow account, and to our best knowledge that is how The Viguerie Company repaid this loan. We are shocked, puzzled and dismayed at your allegations that DMFE made this loan directly to this political committee, or that they were the party obligated to repay our loan.

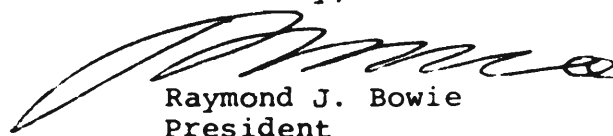
I truly believe that your complaint against DMFE is based on some misunderstanding or misrepresentation coming from this Public Affairs Political Action Committee. In sum, we plead "not guilty" in this matter.

If despite the foregoing facts, we did something wrong under the FEC, we regret this, apologize for same, and will, of course, not do anything you tell us is prohibited. We do hope that FEC would tell us, specifically, what types of loan transactions like this are prohibited when not made to a political action committee.

We will cooperate in every respect in hopes of resolving this matter satisfactorily. I hope that this explanation will suffice and avoid the need for us to have to secure legal counsel specializing in these arcane areas of Federal elections law.

Please feel free to contact me if you should have any further questions. Thank you.

Sincerely,



Raymond J. Bowie
President

Enc.

92040385074

TO: Federal Elections Commission

RE: MUR 3027

Direct Marketing Finance & Escrow, Inc.

Answers to Interrogatories:

1. Direct Marketing Finance & Escrow, Inc. (DMFE) is a small finance company that makes loans to direct marketing advertising agencies that need money to cover the "up-front" costs required for the direct mail they do for their clients, i.e. postage, envelopes, some printing bills, etc. The only officer of the corporation is Raymond J. Bowie, its President. A copy of our Articles of Incorporation is attached.

2. DMFE was never established or incorporated by The Viguerie Company, nor have we ever been a subsidiary of The Viguerie Company. DMFE has no relationship with The Viguerie Company other than that they have been a customer/borrower.

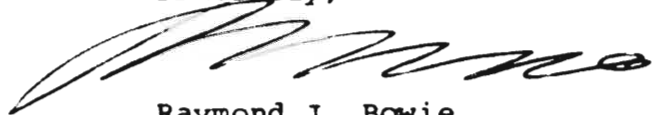
3a) No. DMFE has never advanced money to Public Affairs Political Action Committee, nor have we ever advanced money to pay expenses incurred by this group in any way. In the usual course of our business, DMFE did make loans, including one on September 2, 1988 in the amount of \$11,375.00, to The Viguerie Company as one of our approved agency/borrowers, which loan money was to be used to pay postage and other direct mail costs incurred by The Viguerie Company in the course of its business of fund-raising for its own clients.

3b) Not applicable, in accord with answer to 3a.

3c) Not applicable, in accord with answer to 3a.

Dated: Feb. 21, 1990

Sincerely,



Raymond J. Bowie
President
Direct Marketing
Finance & Escrow, Inc.

9204085075

ARTICLES OF INCORPORATION OF
DIRECT MARKETING FINANCE & ESCROW, INC.

We hereby associate to form a stock corporation under the provisions of Chapter 1 of Title 13.1 of the Code of Virginia and to that end set forth the following:

CORPORATE NAME

The name of the corporation is Direct Marketing Finance & Escrow, Inc.

CORPORATE PURPOSES

The purposes for which the corporation is organized are: a) to engage in the business of securing financing and escrow services for the needs of the direct marketing industry and b) to do all acts and everything necessary, suitable and proper for the accomplishment of any of the purposes or the attainment of the powers hereinbefore set forth, either alone or in association with other corporations, firms or individuals, and to do every other act or acts, thing or things incidental or appurtenant to or growing out of or connected with the aforesaid objects or purposes, or to do any other act or thing for which a corporation may be organized in the Commonwealth of Virginia, provided same not be inconsistent with the laws of Virginia under which the corporation is organized.

CORPORATE EQUITY STRUCTURE

The aggregate number of shares which the corporation shall have authority to issue shall be One Thousand (1,000) shares, which shall consist of one class only, known as common shares, without par value. The shareholders shall have the pre-emptive right to acquire unissued shares of the corporation.

REGISTERED AGENT

The post office address of the initial registered office of the corporation is: 10521 West Drive, Fairfax, Virginia 22030. The name of the City in which the registered office is located is Fairfax City, Virginia.

The name of the initial registered agent is Raymond J. Bowie, who is a resident of Virginia, and whose business office is the same as the registered office of the corporation, and who is an officer of the corporation.

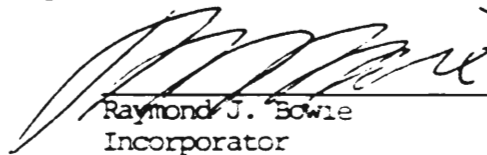
INITIAL BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors is one (1), and the name and address of the person who is to serve as the initial director is: Raymond J. Bowie, 10521 West Drive, Fairfax, Virginia 22030.

DURATION

The duration of the corporation is perpetual.

WITNESS the following signature and seal this 18th day of February, 1988:

 (SEAL)
Raymond J. Bowie
Incorporator

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FEDERAL ELECTION COMMISSION
MAIL ROOM

BARTON, MOUNTAIN & TOLLE

ATTORNEYS AND COUNSELORS

MEMBER OF THE COMMONWEALTH LAW GROUP, LTD.

SUITE 440, 1320 OLD CHAM BRIDGE ROAD

MAIL ADDRESS: P. O. BOX 7888

MCLEAN, VIRGINIA 22101-7888

TELEPHONE (703) 448-1810

April 10, 1990

WILLIAM B. BARTON, IV
MAURICE J. MOUNTAIN, JR.
JOHN R. TOLLE
GERRI L. RATLUFF

C. MURRAY BERNHARDT
(1913 - 1988)

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

90 APR 13 AM 9:20
MUR 3027
WASHINGTON, D.C. OFFICE
630 FEDERAL BAR BUILDING WEST
1818 H STREET, N.W.
WASHINGTON, D.C. 20006
(703) 448-1810

FAX: (703) 448-3336

Re: Public Affairs PAC,
MUR 2931 (closed)
FEC ID No. C00224493

Dear Mr. Nobel:

I represent Telecommunications Industries, Inc. (TII), the complainant in the above referenced matter. TII obtained a judgment against the Public Affairs PAC on November 28, 1989 in the amount of \$6,933.75 with interest at 8% and \$14.00 in costs (Case No. 89-17634, Fairfax County, Virginia General District Court). This judgment has been partially satisfied by the garnishment of \$524.65 from Central Fidelity Bank earlier this year. The bank reported to the Court in January, 1990 that the amount of \$524.65 was the full amount being held in the account. The Public Affairs PAC's Statement of Organization filed with the FEC on March 18, 1988 lists Central Fidelity as the only bank or other depository in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Public Affairs PAC reported in its January 31, 1990 year end report filed with the FEC on February 2, 1990, at line 8, cash on hand at the close of the reporting period of \$17,623. Public Affairs PAC's recent quarterly and year-end reports have consistently reported cash on hand in amounts exceeding \$17,000. Therefore, as a result of Central Fidelity Bank's report to the Court, TII has concluded that the Public Affairs PAC is maintaining funds in a bank or depository other than the one bank reported in its Statement of Organization. To the best of TII's information and belief, the Public Affairs PAC has not filed an amendment to its Statement of Organization reporting the use of any additional banks or other depositories. Therefore, TII respectfully requests that the FEC investigate whether the Public Affairs PAC is maintaining funds in a location it has not disclosed as required by the Federal Election Campaign Act of

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BARTON, MOUNTAIN & TOLLE

April 10, 1990
Page 2

1971, as amended.

Based on 2 U.S.C. §437g, TII requests that the FEC reopen the above referenced matter or open a separate investigation to investigate this complaint. We request that the FEC require Public Affairs PAC to file an amended Statement of Organization reporting all banks or other depositories in which it is depositing or maintaining funds.

Respectfully submitted,

Gerri L. Ratliff

Gerri L. Ratliff
Counsel for Telecommunications
Industries, Inc.
Barton, Mountain & Tolle
1320 Old Chain Bridge Road
Suite 440
McLean, VA 22101
(703)448-1810

COUNTY OF FAIRFAX

COMMONWEALTH OF VIRGINIA

Sworn and subscribed to before me this 10th day of April, 1990 that the statement contained in the foregoing letter to the Federal Election Commission is true and correct to the best of her information and belief.

Jacqueline Lee Molster
Jacqueline Lee Molster

My commission expires: April 23, 1993

cc: Mr. Eugene Delgaudio
Chairman
Public Affairs Political
Action Committee
3245 Rio Drive, #1003
Falls Church, VA 22041

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 1, 1990

Gerri L. Ratliff, Esquire
Barton, Mountain & Tolle
1320 Old Chain Bridge Road
Suite 440
McLean, Virginia 22101

RE: MUR 3027 (formerly 2931)
Public Affairs PAC
Eugene Delgaudio,
as treasurer

Dear Ms. Ratliff:

This letter acknowledges receipt on April 13, 1990, of the amendment to the complaint your client filed on July 20, 1989, against Public Affairs PAC and Eugene Delgaudio, as treasurer. The respondents will be sent copies of the amendment. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

92040385079



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 1, 1990

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027
Public Affairs PAC
Eugene Delgaudio, as treasurer

Dear Mr. Olson:

On August 4, 1989, your clients were notified that the Federal Election Commission received a complaint from Tom Wollman of Telecommunications Industries, Inc., alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time your clients were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On April 13, 1990, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information. As this new information is considered an amendment to the original complaint, you are hereby afforded an additional 15 days in which to respond to the allegations.

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
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GILMAN, OLSON & PANGIA

ATTORNEYS AT LAW

1815 K STREET, NORTHWEST

WASHINGTON, D.C. 20006-3804

(202) 462-5100

FACSIMILE (202) 331-8886

NICHOLAS GILMAN, P.C. (DC, MD, PA)
WILLIAM J. OLSON, P.C. (DC, VA)
MICHAEL J. PANGIA, P.C. (DC, NY)

WILTON J. SMITH (MS)
RICHARD R. STONE (DC, MD)

OF COUNSEL
GUY O. FARLEY, JR. (VA)
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FARMER, VIRGINIA 22030
(703) 591-9200

SUITE 600
1800 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19103
(215) 546-1400

July 26, 1990

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Mrs. Hagan:

Following up on our conversations of July 24 and 25, I want to confirm our intention to reply to the outstanding matters, and again express my regret for not making a timely response. I have attempted to contact Mr. Delgaudio, but he was not reachable at his office, or at home, either yesterday or today. I suspect that he may be on vacation. I will make this submission as soon as I have had one final occasion to run the information by Mr. Delgaudio.

Sincerely yours,


William J. Olson

WJO:gw

Enclosure

cc: Eugene Delgaudio

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) NUR 3027
Public Affairs Political Action)
Committee)
Eugene Delgaudio, as treasurer)
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Based on information referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") and allegations in a complaint filed by Telecommunications Industries, Inc. (a committee vendor), on January 30, 1990, the Commission found reason to believe that Public Affairs Political Action Committee ("the Committee") and Eugene Delgaudio, as treasurer, violated 2 U.S.C. §§ 434(a)(4)(A)(ii), 434(b)(8), and 441b(a).¹ The Committee responded through counsel to the complaint; and, although it received an extension to respond to the reason to believe notification, the Committee has not answered the Commission's findings.

Subsequently, the complainant submitted an amendment to the complaint alleging an additional violation of the Act. On May 1, 1990, respondent was notified of the new allegation. This Office has received no response.

1. At the same time, the Commission found reason to believe that Direct Marketing Finance and Escrow violated 2 U.S.C. § 441b(a) when it made a prohibited contribution in the form of a loan to fund printing and mailing services for the Committee.

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II. ANALYSIS

2 U.S.C. § 433(b)(6) requires that a statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the committee.

In the complaint amendment, counsel for Telecommunications Industries, Inc. ("TII") stated that TII obtained a judgment against the Committee in Fairfax County, Virginia, General District Court apparently for monies owed in the "amount of \$6,933.75 with interest at 8% and \$14.00 in costs." According to the complainant, the judgment was partially satisfied by garnishment of \$524.65 from the Committee's reported depository, Central Fidelity Bank. Apparently, the bank reported that amount to be the total held in the account. Because the Committee's 1989 Year End Report discloses ending cash-on-hand of \$17,623, complainant alleged that the Committee is maintaining funds in another depository and has not reported such information on its statement of organization.

The Committee's 1989 Year End Report (7/1/89 through 12/31/89) shows ending cash of \$17,623; the 1990 April Quarterly Report (1/1/90 through 3/31/90) shows beginning cash of \$1,699 and ending cash of \$797.² Because the Committee's bank apparently reported all available funds to the Court in the complainant's case, and because the Committee has reported having

2. RAD has sent the Committee two inquiries regarding this discrepancy between ending cash at 12/31/89 and beginning cash at 1/1/90, without response from the Committee. This issue will be handled through RAD's usual procedures.

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additional funds on hand, it appears that the Committee may have failed to report a depository on its statement of organization.³ Therefore, this Office recommends that there is reason to believe that the Committee violated 2 U.S.C. § 433(b)(6) in this matter.

III. RECOMMENDATIONS

1. Find reason to believe that Public Affairs Political Action Committee and Eugene A. Delgaudio, as treasurer, violated 2 U.S.C. § 433(b)(6).
2. Approve an appropriate letter and the attached Factual and Legal Analysis.

Lawrence M. Noble
General Counsel

Date

8/6/90

BY:



Lois G. Lerner
Associate General Counsel

Attachment
Factual and Legal Analysis
Complaint Amendment

Staff assigned: Frances B. Hagan

3. The bank reported \$524.65 as of January 1990. The Committee reported beginning cash of \$1,699 on January 1, 1990, with no disbursements in January 1990 that could explain the discrepancy between beginning cash and the bank's total.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Public Affairs Political Action) NUR 3027
Committee;)
Eugene Delgaudio, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 9, 1990, the Commission decided by a vote of 5-0 to take the following actions in NUR 3027:

1. Find reason to believe that Public Affairs Political Action Committee and Eugene A. Delgaudio, as treasurer, violated 2 U.S.C. § 433(b)(6).
2. Approve an appropriate letter and the Factual and Legal Analysis, as recommended in the General Counsel's Report dated August 6, 1990.

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

Attest:

8-9-90
Date

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

Received in the Secretariat: Monday, August 6, 1990 4:24 p.m.
Circulated to the Commission: Tuesday, August 7, 1990 11:00 a.m.
Deadline for vote: Thursday, August 9, 1990 11:00 a.m.

dh

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20541

August 17, 1990

**William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604**

**RE: MUR 3027
Public Affairs PAC
Eugene Delgaudio, as treasurer**

Dear Mr. Olson:

On May 1, 1990, the Federal Election Commission notified you of an amendment to the original complaint against your clients alleging a violation of a certain section of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint amendment was forwarded to you at that time.

Upon further review of the allegations contained in the complaint amendment, the Commission, on August 9, 1990, found that there is reason to believe your clients violated 2 U.S.C. § 433(b)(6), a provision of 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 your clients. 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 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 your clients, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that

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William J. Olson, Esquire
Page 2

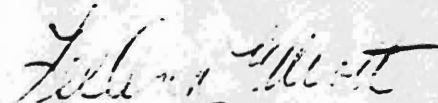
pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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. 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 matter to be made public.

If you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures
Factual & Legal Analysis

cc: Eugene Delgaudio

92040385087

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Public Affairs PAC NUR: 3027
 Eugene A. Delgaudio,
 as treasurer

2 U.S.C. § 433(b)(6) requires that a statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the committee.

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In the complaint amendment, counsel for Telecommunications Industries, Inc. ("TII") stated that TII obtained a judgment against Public Affairs Political Action Committee ("the Committee") in Fairfax County, Virginia, General District Court apparently for monies owed in the "amount of \$6,933.75 with interest at 8% and \$14.00 in costs." According to the complainant, the judgment was partially satisfied by garnishment of \$524.65 from the Committee's reported depository, Central Fidelity Bank. Apparently, the bank reported that amount to be the total held in the account. Because the Committee's 1989 Year End Report discloses ending cash-on-hand of \$17,623, complainant alleged that the Committee is maintaining funds in another depository and has not reported such information on its statement of organization.

The Committee's 1989 Year End Report (7/1/89 through 12/31/89) shows ending cash of \$17,623; the 1990 April Quarterly Report (1/1/90 through 3/31/90) shows beginning cash of \$1,699

and ending cash of \$797.¹ Because the Committee's bank apparently reported all available funds to the Court in the complainant's case, and because the Committee has reported having additional funds on hand, it appears that the Committee may have failed to report a depository on its statement of organization.²

Therefore, there is reason to believe that the Committee violated 2 U.S.C. § 433(b)(6) in this matter.

1. RAD has sent the Committee two inquiries regarding this discrepancy between ending cash at 12/31/89 and beginning cash at 1/1/90, without response from the Committee.

2. The bank reported \$524.65 as of January 1990. The Committee reported beginning cash of \$1,699 on January 1, 1990, with no disbursements in January 1990 that could explain the discrepancy between beginning cash and the bank's total.

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ATTORNEYS AND COUNSELORS

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MAIL ADDRESS: P. O. BOX 7280

McLEAN, VIRGINIA 22106-7280

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90 SEP 11 AM 9:57

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MAURICE J. MOUNTAIN, JR.

JOHN R. TOLLE
GERRI L. RATLIFF

WASHINGTON, D.C. OFFICE
630 FEDERAL BAR BUILDING WEST
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WASHINGTON, D.C. 20006
(703) 448-1810

September 7, 1990

C. MURRAY BERNHARDT
(1913 - 1988)

FAX: (703) 448-3336

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

Re: Public Affairs PAC, MUR
3027 (formerly 2931)

Dear Mr. Nobel:

I wrote you by letter dated April 10, 1990 as counsel for Telecommunication Industries, Inc. in the above referenced matter. This is to notify you that all future correspondence in this matter should be sent directly to Thomas Wollman, Telecommunications Industries, Inc., 1951 Kidwell Drive, Vienna, VA, 22180.

Very truly yours,

Gerri L. Ratliff

Gerri L. Ratliff

cc: Thomas Wollman

GLR/wip

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OFFICE OF GENERAL COUNSEL

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OFFICE OF GENERAL COUNSEL

GILMAN, OLSON & PANGIA

90 SEP 14 PM 2:08

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September 14, 1990

HAND DELIVER

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Ms. Hagan:

We have received Chairman Elliott's letter dated August 17, 1990, advising us that, on August 9, 1990, the Commission found "that there is reason to believe your clients violated 2 U.S.C. section 433(b)(6)." That letter was accompanied by a Factual and Legal Analysis which states that "it appears that the Committee may have failed to report a depository on its statement of organization..." that existed at the time of a garnishment on its account (of \$524.65, on February 6, 1990).

This charge was based on an amendment to a complaint filed by Telecommunications Industries, Inc. ("TII"), a creditor of Public Affairs PAC. We believe that TII is misusing the FEC investigatory processes to achieve its private financial benefit.

We are filing this response somewhat late. It was difficult for Public Affairs PAC to respond last week, when a response should have been made, partially because I was on

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vacation in mid-August and Mr. Delgaudio was in Cincinnati, Ohio, on business for a different organization.

Public Affairs PAC is administered by Eugene Delgaudio, a volunteer. Due to the nonperformance of certain direct mail vendors, Public Affairs PAC has incurred substantial debts to various suppliers of goods and services. It has attempted to maintain a certain level of activity, while devoting scarce resources to accomplish its goal of gradually paying off its indebtedness. TII's attack on Public Affairs PAC, through the manipulation of FEC processes, has made Public Affairs PAC's work much more difficult, including the payment of its debt to TII.

TII pointed out to the Commission that a garnishment of Public Affairs PAC's account (at Central Fidelity Bank) recovered \$524.65 on or about February 6, 1990. This was viewed by TII as inconsistent with Public Affairs PAC's (1) 1989 year-end report, showing a December 31, 1990, balance of \$17,623, and (2) April 1990 Quarterly Report, showing a January 1, 1990, balance of \$1,699, and a March 31, 1990, balance of \$797.

These facts do demonstrate that there were certain mistakes with the cash balances listed on certain reports filed by Public Affairs PAC (for example, Public Affairs PAC did not have a \$17,623 year-end balance for 1989). One of the reports has already been amended, and the remainder of the reports should be amended within the next few weeks, as set forth below. But, while the above facts reveal some mistakes in the reports, they do not demonstrate that Public Affairs PAC had any other account on the date of the garnishment, February 6, 1990, and we are advised that no such other account existed.

Nevertheless, we want to advise the Commission that, subsequent to February 6, 1990, Public Affairs PAC did open an additional account with another bank, with an initial, nominal deposit, and has since used that account for its deposits. Now, albeit late, we have sent to Public Affairs PAC a draft amendment to its FEC Form 1, properly identifying that bank, for filing with the FEC early next week.

Accordingly, Public Affairs PAC hereby advises the Commission of the existence of the other account. It admits its failure to identify this second bank account (which was not in existence either prior to or at the time of the garnishment on February 6, 1990, as implied by TII in its letter to the FEC), but it avers that, in addition to this disclosure, the second account will now also be disclosed by amendment to its FEC Form 1.

Lastly, Public Affairs PAC has now concluded that it has made certain errors in the carry-over balances reported in its reports from 1988 through the present (although these errors are

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not now completely identified), and it is in the process of preparing amendments to these reports. Mr. Delgaudio has advised us that he has a one-week business trip out of town, and other commitments which prevent his completion of these amendments (which will require many hours of effort on his behalf to complete) for at least a few weeks, but he advises us that these amended reports should be filed by October 15, 1990.

The complaint by TII was in error. Nevertheless, since Public Affairs PAC admits a subsequent violation (by its failure to list a depository, which is being corrected), it would respectfully request pre-probable cause conciliation pursuant to 11 C.F.R. section 111.18(d).

Please advise us how you wish to proceed at this time.

Sincerely yours,



William J. Olson

WJO:gw

Enclosure

cc: Eugene Delgaudio,
Public Affairs PAC

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September 14, 1990

HAND DELIVER

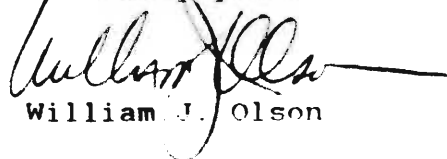
Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Ms. Hagan:

Following our conversation of this morning, I confirm that it is our intention to send to Mr. Delgaudio of Public Affairs PAC a draft set of responses to the outstanding interrogatories and document request on the original complaint in this MUR early next week. Depending on his business travel plans, we hope to provide the response of Public Affairs PAC to you by the end of next week so that it can be incorporated into your report to the Commission.

Sincerely yours,


William J. Olson

WJO:gw
Enclosure

cc: Eugene Delgaudio,
Public Affairs PAC

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(215) 546-1430

September 26, 1990

HAND DELIVER

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Ms. Hagan:

Following up on our letter of September 14, 1990, please find enclosed the answers and responses submitted by Public Affairs PAC in response to interrogatories and document requests from the Commission. We regret the significant delay in providing these responses. Along with the recently filed responses to the amended complaint, it is our understanding that this fulfills the current discovery obligations of Public Affairs PAC to the Commission on both the complaint and the amended complaint.

With respect to the amended complaint, we have forwarded to our clients an amended FEC Form 1, which we understand will be transmitted to the FEC tomorrow.

This amended FEC Form 1 will identify the account that was opened after the filing of the amended complaint disclosed previously in our letter of September 14, 1990.

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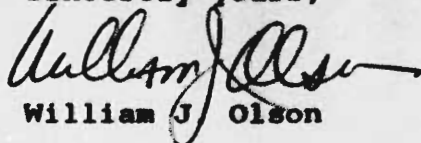
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OFFICE OF GENERAL COUNSEL

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Additionally, please be advised that this amended FEC Form 1 will identify an escrow account that was previously maintained by Public Affairs PAC through an escrow firm, Palmer Technical Services, which also should have been reported to the FEC. This account was at Maryland National Bank. It is believed that this account has been closed since early 1989. Please consider our client's previous request for pre-probable cause conciliation to extend to the nondisclosure of this account as well.

Lastly, Public Affairs PAC is turning its attention to amending the reports, as discussed in our letter of September 14, 1990 with regard to the discrepancies in balances discussed in the amended complaint.

Sincerely yours,



William J Olson

WJO:gw

Enclosure

cc: Eugene Delgaudio,
Public Affairs PAC

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Public Affairs PAC

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)

MUR 3027

PUBLIC AFFAIRS PAC'S ANSWERS TO INTERROGATORIES
AND RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS

1. On the Public Affairs PAC ("Committee") 1988 October Quarterly, you reported receipt of a loan from the corporation Direct Marketing Finance & Escrow ("DMF&E"). In your letter to the Reports Analysis Division dated December 19, 1988, you discussed the loan arrangement. Identify the "fund raising firm," the "printing/mailing firm" subcontractor, the "direct marketing firm," and Direct Marketing Finance & Escrow Corporation referenced in that letter.

ANSWER:

Fund Raising Firm -- The Viguerie Company, 7777 Leesburg Pike, Falls Church, Virginia 22043.

Printing/Mailing Firm -- Priority Express, 9502 B Lee Highway, Fairfax, Virginia 22031.

Direct Marketing Firm -- used interchangeably with Fund Raising Firm -- The Viguerie Company, see above.

2. Explain your relationship to The Viguerie Company, and describe all services provided to you by that company during 1988. Provide copies of all contracts between the Committee and The Viguerie Company.

ANSWER: Public Affairs PAC was a client of The Viguerie Company. The Viguerie Company provided direct mail advertising services, including preparing letters, selecting lists, contracting for printing, arranging mailings and thank you letters, and performing other direct marketing and fund raising services for Public Affairs PAC.

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Attached is a copy of the contract between Public Affairs PAC and The Viguerie Company that was effective during 1988, dated December 14, 1987. This contract terminated approximately January 31, 1989.

Also attached is a copy of a contract between Public Affairs PAC, The Viguerie Company, and Wordsmith Creative Services, dated August 26, 1988, relating to certain direct mail packages (media bias & Dan Quayle) printed and mailed by TII.

Lastly, attached is a copy of an escrow agreement between The Viguerie Company, Public Affairs PAC, and Palmer Technical Services, dated December 17, 1987, that was effective during 1988.

Note: please consider all of these contracts confidential, and do not disclose these documents in the public record.

3. Was it the Committee's understanding that The Viguerie Company would arrange financing for services to be provided by subcontractors? If so, provide the basis for your understanding and produce documents to support your answer.

ANSWER:

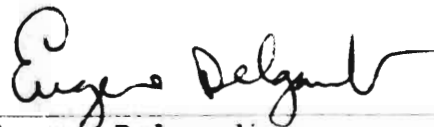
It was the Committee's understanding that the Viguerie Company would act in the nature of a general contractor, and arrange for the utilization of such vendors and suppliers as it needed to perform its agreement with Public Affairs PAC. It was understood that The Viguerie Company would contract with such vendors and suppliers, and would then either absorb these costs (if they related to matters such as selection of lists to be mailed), or invoice Public Affairs PAC for these costs (if it was

appropriate under the contract to bill through those costs to the client, such as payments for printing, computer services, etc.) This understanding was based on the way in which The Viguerie Company operated with its clients, and the way in which it is believed that most direct marketing firms operate, and there are no documents, other than the contract, on which this answer is based.

4. Explain the relationship between DMF&E and The Viguerie Company, if known.

ANSWER: I do not personally know, and Public Affairs PAC does not know, the relationship between these firms. However, it is my understanding that The Viguerie Company apparently contracted with Direct Marketing Finance & Escrow, Inc. to provide it with copywriting services, and, apparently loaned money to The Viguerie Company which was apparently used for postage and other purposes.

Signed subject to penalty of perjury.



Eugene Delgaudio
Treasurer
Public Affairs PAC

Sept 25 1990
Date

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Public Affairs Political Action
Committee

Eugene Delgaudio, as treasurer

Direct Marketing Finance and Escrow

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MUR 3027

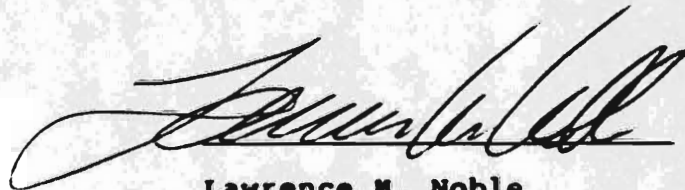
SENSITIVE

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Direct Marketing Finance and Escrow, based on the assessment of the information presently available. We are also prepared to close the investigation regarding Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, as to the violations of 2 U.S.C. §§ 441b(a) and 434(b)(8).

Date

1/28/91



Lawrence M. Noble
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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January 29, 1991

MEMORANDUM

SENSITIVE

TO: The Commission
FROM: Lawrence N. Noble
General Counsel *[Signature]*
SUBJECT: NUR 3027

Attached for the Commission's review are two briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of these briefs and letters notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe were mailed on January 29, 1991. Following receipt of the respondents' replies to these notices, this Office will make a further report to the Commission.

Attachments
Briefs (2)

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1991

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027
Public Affairs Political Action
Committee
Eugene Delgaudio, as treasurer

Dear Mr. Olson:

Based on a complaint filed with the Federal Election Commission on July 20, 1989, and information supplied by your clients, the Commission, on January 30, 1990, found that there was reason to believe your clients violated 2 U.S.C. §§ 434(a)(4)(A)(ii), 434(b)(8), and 441b(a), and instituted an investigation of this matter. Based on an amendment to the complaint filed April 13, 1990, the Commission found reason to believe on August 9, 1990, that your clients violated 2 U.S.C. § 433(b)(6).

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 violations of 2 U.S.C. §§ 434(b)(8) and 441b(a) have occurred. You have requested that the remaining issues be settled through pre-probable cause conciliation.

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.

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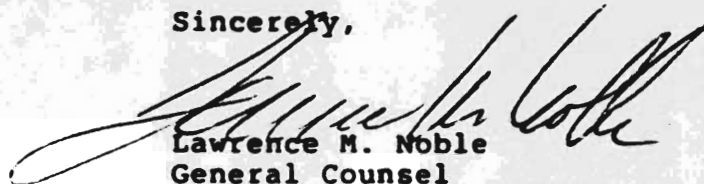
William J. Olson, Esquire
Page 2

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 Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

92040385103

In the Matter of)
Public Affairs Political Action) MUR 3027
Committee)
Eugene Delgaudio, as treasurer)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

Corporate Contribution

Based on information referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") and allegations in a complaint filed by Telecommunications Industries, Inc. ("TII"), a committee vendor, on January 30, 1990, the Commission found reason to believe that Public Affairs Political Action Committee ("the Committee") and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 434(b)(8) for failure to continuously disclose an outstanding debt to TII; and § 441b(a) for accepting a corporate contribution in the form of a loan from Direct Marketing Finance and Escrow ("DMF&E") to fund printing and mailing services for the Committee.

The Committee's 1988 October Quarterly Report disclosed receipt of a corporate loan of \$11,375 from DMF&E. In response to RAD's inquiries concerning the loan, the Committee stated that the loan was not made to the Committee and that the transaction had been "erroneously identified" as a direct receipt. The treasurer explained that the Committee's direct marketing firm, The Viguerie Company ("TVC"), had obtained the loan from DMF&E to pay up-front expenses to a subcontractor, Priority Express, for printing and mailing on behalf of the Committee. According to

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the Committee, TVC requested, and the Committee subsequently paid DMF&E \$14,189.26 "for monies owed to the printing/mailling firm" (i.e. Priority Express). The loan repayment was reported on the 1988 30 Day Post-General Election Report as a reimbursement disbursement.

Response to RTB Finding

According to information submitted through counsel in answer to interrogatories, the Committee stated that TVC acted as a "general contractor," arranging for vendors and suppliers (e.g. printing and mailing) as needed to fulfill the Committee's direct mail fundraising efforts. The Committee's answer concerning the relationship between DMF&E and TVC indicated that TVC "apparently contracted with [DMF&E] to provide...copywriting services, and, apparently loaned money to [TVC] which was apparently used for postage and other purposes."

In response to questions, DMF&E described itself as a small finance company that makes loans to direct marketing agencies needing "upfront" money to pay for costs of conducting their clients' direct mail activities. DMF&E's Articles of Incorporation attest that the corporation is organized to engage in the business of securing financing and escrow services for the needs of the direct marketing industry.

According to DMF&E, its loan agreements "require all proceeds from the mailings we finance to be received in an independent escrow account...to be repaid us directly by the escrow agent from the first monies received from the mailing we financed." DMF&E stated that once a loan is arranged, "the loan funds are

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disbursed directly to the U.S. postmaster or mail house designated by our borrower...."

In accordance with DMF&E's procedures, the Committee entered an escrow agreement with TVC and Palmer Technical Services, Inc. ("Escrow Agent"). The agreement provided that the Escrow Agent would receive and disburse the proceeds from the Committee's fundraising efforts contracted through TVC's direct mail services.

DMF&E confirmed that TVC borrowed \$11,375 to fund the Committee's direct mail activity, and that DMF&E's loan monies were made payable to the mailing subcontractor, Priority Express. The corporation also stated that it subsequently credited TVC's account with repayment in full of \$14,189.26.

Evidence shows that the Committee repaid the loan using funds from the escrow account set up with TVC and the Escrow Agent. A copy of the canceled check drawn on the escrow account at Maryland National Bank indicates DMF&E as the payee, and \$14,189.26 as the amount paid.

II. ANALYSIS

Corporate Contribution

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate or labor organization contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are

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bank loans made in the ordinary course of business.

In Advisory Opinion 1979-36, the Commission approved an agreement whereby a direct mail firm would develop a fundraising campaign for a client, using a portion of the funds solicited to meet its operating expenses. The initial expenses for preparing the mailing were to be borne by the company and a designated portion of the funds raised were to be paid to the direct mail firm on a monthly basis.

However, the facts of Advisory Opinion 1979-36 are distinguishable from the facts presented here. Although in that Advisory Opinion the Commission said the direct mail firm could advance the start-up costs of the mailing, the issue of a third party lender was not addressed. Pursuant to 2 U.S.C. § 441b(a), corporations may not make contributions, including loans, on behalf of political committees. The only exception to this prohibition against corporate loans is where the loan is made by a bank. 2 U.S.C. § 431(8)(B)(vii). In the present matter the Committee contracted with TVC for services. Then, as the agent of the Committee, TVC negotiated a loan to be used specifically on behalf of the Committee from the non-bank corporate lender, DMF&E, in order to pay for the services of the subcontractor. Although such an arrangement may be in TVC's ordinary course of business, when political committees are the recipient of such a corporate benefit, the practice violates the prohibitions of section 441b.

In light of the foregoing, the loan advance in this matter appears to be a prohibited corporate contribution. Accordingly,

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the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that the Committee violated 2 U.S.C. § 441b(a).

III. STATEMENT OF THE CASE

Reporting of debts

Complainant, Thomas Wollman, Controller of Telecommunications Industries, Inc. ("TII"), alleged that the Committee failed to report on its 1988 Year End Report debts of \$9,504.73 owed to the complainant. The complainant, a Committee vendor, stated that the debts were incurred in July and September 1988. Complainant provided a letter to the Committee from the Committee's direct mail consultant (TVC) dated December 28, 1988, providing detailed information concerning the invoices and amounts in question. Complainant also provided a copy of a letter from the Committee treasurer to the complainant's attorney setting forth the Committee's efforts to pay the debts.

The Committee response to the complaint stated that the debt was in dispute and that the complainant had filed two lawsuits against the Committee for collection. The Committee stated that it had no direct dealings with TII during 1988 as the company was a subcontractor with TVC. The Committee asserted that it had not actually received the invoices in question until after the January 31, 1989 filing date, although it had been notified of the amount owed. The Committee response noted that it had disclosed "a potential debt to TII" on its 1989 Mid-Year Report. That report shows debts of \$73,832 owed by the Committee of which \$6,754.73 are reported owed to TII. The report indicated that at

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least one payment had been made on the outstanding debt.

The Committee has since reported an outstanding debt to TII on its 1989 Year End and 1990 April Quarterly Reports.

On November 28, 1989, TII apparently obtained a judgment in Fairfax County, Virginia, General District Court against the Committee in the amount of \$6,933.75 with 8% interest and \$14.00 in costs. The judgment was partially satisfied by garnishment of \$524.65 from the Committee's Central Fedelity Bank depository.

IV. ANALYSIS

Reporting of Debt

2 U.S.C. § 434(b)(8) requires disclosure of the amount and nature of outstanding debts and obligations owed by or to a committee.

The Commission has considered the issue of reporting disputed debts on several occasions. The Commission has repeatedly concluded that disclosure should be required when a reporting entity has received goods or services, has been billed for such services but has not paid the amount billed, and when the cost of such goods or services is in dispute. The debt should be reported as incurred, but may include a memo noting that the debt is disputed. See MURs 2521 (Contesti), 2146 (Allen), 1360 (Reagan), 1355 (Carter-Mondale), and 1899 (Kusic).

In this case, the Committee apparently omitted the debts in question from the 1988 Year End Report, but disclosed a debt to TII in reports subsequently filed. Therefore, this Office is prepared to recommend that the Commission find probable cause to believe the Committee violated 2 U.S.C. § 434(b)(8) for failing

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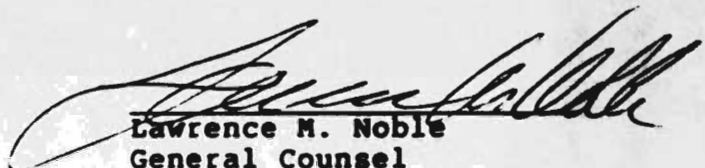
to continuously report an outstanding debt.

V. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 441b(a).
2. Find probable cause to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 434(b)(8).

Date

1/28/91


Lawrence M. Noble
General Counsel

92040385110



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 1991

Raymond J. Bowie, President
Direct Marketing Finance & Escrow, Inc.
3951 University Drive
Fairfax, Virginia 22030

RE: MUR 3027
Direct Marketing Finance
and Escrow, Inc.

Dear Mr. Bowie:

Based on a complaint filed with the Federal Election Commission on July 29, 1989, and information you supplied, the Commission, on January 30, 1990, found that there was reason to believe your corporation violated 2 U.S.C. § 441b(a), and instituted an investigation of this matter.

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

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.

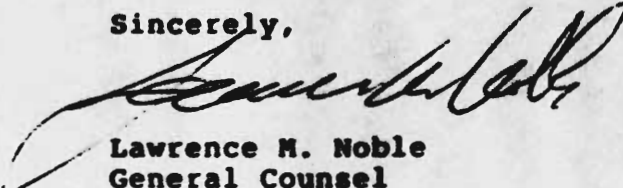
A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

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Raymond J. Bowie, President
Page 2

Should you have any questions, please contact Frances B. Hagan, the staff member assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

9204085112

In the Matter of
Direct Marketing Finance
and Escrow

)
) NUR 3027
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GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On January 30, 1990, the Commission found reason to believe that Direct Marketing Finance and Escrow ("DMF&E") violated 2 U.S.C. § 441b(a) for making a corporate contribution in the form of a loan to fund direct marketing printing and mailing services for the Public Affairs Political Action Committee ("the Committee").

The Committee's 1988 October Quarterly Report disclosed receipt of a corporate loan of \$11,375 from DMF&E. In response to Commission inquiries concerning the loan, the Committee stated that the loan was not made to the Committee and that the transaction had been "erroneously identified" as a direct receipt. The Committee treasurer explained that the Committee's direct marketing firm, The Viguerie Company ("TVC"), had obtained the loan from DMF&E to pay up-front expenses to a subcontractor, Priority Express, for printing and mailing on behalf of the Committee. According to the Committee, TVC requested, and the Committee subsequently paid DMF&E \$14,189.26 "for monies owed to the printing/mailing firm" (i.e. Priority Express). The loan repayment was reported on the Committee's 1988 30 Day Post-General Election Report as a reimbursement disbursement.

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Response to RTB Finding

Information submitted by the Committee stated that TVC acted as a "general contractor," arranging for vendors and suppliers (e.g. printing and mailing) as needed to fulfill the Committee's direct mail fundraising efforts. The Committee's answer concerning the relationship between DMF&E and TVC indicated that TVC "apparently contracted with [DMF&E] to provide...copywriting services, and, apparently loaned money to [TVC] which was apparently used for postage and other purposes."

In response to interrogatories, DMF&E described itself as a small finance company that makes loans to direct marketing agencies needing "upfront" money to pay for costs of conducting their clients' direct mail activities. DMF&E's Articles of Incorporation attest that the corporation is organized to engage in the business of securing financing and escrow services for the needs of the direct marketing industry.

According to DMF&E, its loan agreements "require all proceeds from the mailings we finance to be received in an independent escrow account...to be repaid us directly by the escrow agent from the first monies received from the mailing we financed." DMF&E stated that once a loan is arranged, "the loan funds are disbursed directly to the U.S. postmaster or mail house designated by our borrower...."

In accordance with DMF&E's procedures, the Committee entered an escrow agreement with TVC and Palmer Technical Services, Inc. ("Escrow Agent"). The agreement provided that the Escrow Agent would receive and disburse the proceeds from the Committee's

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fundraising efforts contracted through TVC's direct mail services.

DMF&E confirmed that TVC borrowed \$11,375 to fund the Committee's direct mail activity, and that DMF&E's loan monies were made payable to the mailing subcontractor, Priority Express. The corporation also stated that it subsequently credited TVC's account with repayment in full of \$14,189.26.

Evidence shows that the Committee repaid the loan using funds from the escrow account set up with TVC and the Escrow Agent. A copy of the canceled check drawn on the Committee's escrow account at Maryland National Bank indicates DMF&E as the payee, and \$14,189.26 as the amount paid.

II. ANALYSIS

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate or labor organization contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are bank loans made in the ordinary course of business.

In Advisory Opinion 1979-36, the Commission approved an agreement whereby a direct mail firm would develop a fundraising campaign for a client, using a portion of the funds solicited to meet its operating expenses. The initial expenses for preparing the mailing were to be borne by the company and a designated portion of the funds raised were to be paid to the direct mail

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firm on a monthly basis.

However, the facts of Advisory Opinion 1979-36 are distinguishable from the facts presented here. Although in that Advisory Opinion the Commission said the direct mail firm could advance the start-up costs of the mailing, the issue of a third party lender was not addressed. Pursuant to 2 U.S.C.

§ 441b(a), corporations may not make contributions, including loans, on behalf of political committees. The only exception to this prohibition against corporate loans is where the loan is made by a bank. 2 U.S.C. § 431(8)(B)(vii). In the present matter the Committee contracted with TVC for services. Then, as the agent of the Committee, TVC negotiated a loan to be used specifically on behalf of the Committee from the non-bank corporate lender, DMF&E, in order to pay for the services of the sub-contractor. Although such an arrangement may be in TVC's ordinary course of business, when political committees are the recipient of such a corporate benefit, the practice violates the prohibitions of section 441b.

In light of the foregoing, the loan advance in this matter appears to be a prohibited corporate contribution. Accordingly, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that DMF&E violated 2 U.S.C. § 441b(a).

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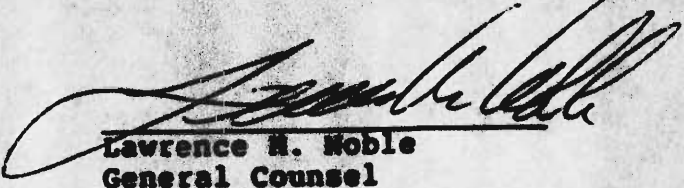
III.

GENERAL COUNSEL'S RECOMMENDATIONS

Find probable cause to believe that Direct Marketing
Finance and Escrow violated 2 U.S.C. § 441b(a).

Date

1/28/91


Lawrence H. Noble
General Counsel

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RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

Direct Marketing Finance & Escrow, Inc.

91 FEB -8 AM 10: 33

3900 Jermantown Road, Suite 350
Fairfax, Virginia 22030 703/934-4603

February 7, 1991

Ms. Frances B. Hagan
Office of the General Counsel
Federal Election Commission
999 E Street, N.W., Room 657
Washington, D.C. 20463

RE: MUR 3027
Direct Marketing Finance & Escrow, Inc.

Dear Ms. Hagan:

In accord with the letter to me dated January 29, 1991 and our telephone conversation of February 5, 1991, I have enclosed 10 copies of DMF&E's opposing brief for the Commission along with 3 copies for the General Counsel's Office.

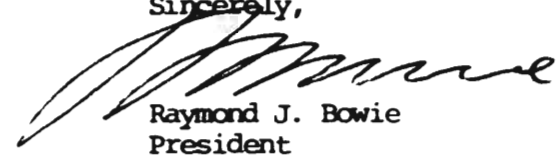
Again, I am truly shocked that this matter is proceeding against my company and I honestly do not believe that we have done anything in violation of the statutes you cite.

I feel like a car lender who loans money to a borrower who buys a car with it. That borrower then lets a third person use the car and, unknown to anyone, that third person uses the car in the commission of a crime. Who gets busted? Why, according to your brief, it's the car lender!

I pride myself on operating a company that deals fairly, honestly and above all, lawfully with all parties. I truly feel that the General Counsel's Office is using faulty reasoning to arrive at an unsound and unfair decision in this case. May I kindly ask your office to review this action once again and hopefully drop it?

Please feel free to contact me if you have any questions.

Sincerely,


Raymond J. Bowie
President

Enc.
cc. Mr. Lawrence M. Noble, General Counsel

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OFFICE OF GENERAL COUNSEL
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In the Matter of

Direct Marketing Finance & Escrow, Inc.

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MUR 3027

**BRIEF FROM DEFENDANT OPPOSING
GENERAL COUNSEL'S BRIEF**

I. STATEMENT OF THE CASE

Direct Marketing Finance & Escrow Inc., ("DMF&E"), the Defendant, differs from General Counsel's statement of the case on several points of fact:

1) DMF&E has never made any loan to or otherwise done any business with the Public Affairs Political Action Committee ("the Committee"). Any reports to the contrary from the Committee were errors on their part.

2) DMF&E had established, at the time this case arose, a lending relationship with a direct marketing company known as The Viguerie Company ("TVC"). Similar to other direct marketing companies DMF&E does business with, DMF&E had granted TVC a "line of credit" for TVC's use to draw upon to secure postage funds for TVC's direct mail.

3) Pursuant to this line of credit arrangement, TVC received a postage loan from DMF&E in the amount of \$11,375.00 on September 2, 1988 to be made payable to TVC's contractor, Priority Express, to pay for the costs of postage for a TVC mailing identified by TVC at the time only as "PAPAC Quayle Media Bias Pkg." TVC did not otherwise identify PAPAC or the nature of the mailing, nor was it required to under the terms of its loan arrangements with DMF&E. Hence, at the time of the loan, DMF&E did not recognize "PAPAC Quayle Media Bias Pkg" to be a political action committee, and it was TVC which designated the use of its loan proceeds for that particular mailing.

4) General Counsel's Brief states that the Committee has since alleged that TVC was acting as its "general contractor arranging for vendors and suppliers as needed to fulfill the Committee's direct mail fundraising efforts." If this is so, DMF&E did not have any knowledge or reason to know of the nature of the business relationship between its borrower, TVC, and any of TVC's clients.

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5) General Counsel's Brief confirms evidence that shows that the repayment of DMFE's loan to TVC was through the escrow account set up between TVC and the Committee, using the proceeds of the mailing to repay the loan and interest. This is in accord with DMFE's arrangements with TVC and consistent with our own records, indicating that the Committee did not itself receive the loan proceeds or itself handle the loan repayment. Indeed, the Committee was not a party to the loan, had no obligations on the loan, and did not assume to repay the loan.

II. DEFENDANT'S ANALYSIS AND ARGUMENT

To charge DMFE with violating 2 U.S.C. 441b(a), the General Counsel's Brief engages in torturous reasoning that distorts the language and intent of this statute to such an extent as would make a violation of almost any commercial credit transaction where an advertising agency receives credit terms and a political action committee becomes a third-party beneficiary of the transaction. Indeed, a vendor or financier of services to an advertising agency might inadvertently violate the statute, in the General Counsel's interpretation, where the ad agency's client happens to be a political action committee unknown to the vendor or financier of the ad agency. This would hardly comport with due process under the law.

In this case, DMFE provided a line of credit to finance postage monies for a direct mail firm, TVC, as borrower. TVC was allowed to utilize these postage monies for clients of its choosing. Finally, repayment of the loan by TVC was to be through an independent escrow applying the first proceeds of the mailing to repay DMFE, an arrangement established to preclude either the direct mail agency or its client (the Committee in this case) from access to the loan repayment funds.

Nonetheless, the General Counsel would find a violation of the statute in this case because "although such arrangements may be in TVC's ordinary course of business, when political committees are the recipient of such a corporate benefit, the practice violates the prohibitions of section 441b."

However, section 441b(a) prohibits only the making and knowing

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receipt of corporate contributions in connection with a federal election. Certainly, in making this postage loan to a direct marketing firm as borrower, DMF&E could not know that, in retrospect, the FEC General Counsel would interpret that loan to be a "contribution" to a third party, the Committee.

Further, section 441b(b) (2) defines as a "contribution or expenditure" any loan, advance or anything of value to any candidate, campaign committee or political party. However, the statute clearly addresses only loans, advances, etc. to these prohibited organizations. In this case, the General Counsel argues that any commercial loan, advance, etc. to an advertising agency is also banned if, somewhere down the line remotely removed, a political action committee somehow benefits from the commercial loan to its advertising agency. This attenuated reasoning would indeed cause millions of ordinary commercial credit or financing transactions involving ad agencies with committee clients to fall in inadvertent violation of this statute. This could not have been the intent of Congress in passing this statute, nor the interpretation of this Commission.

Indeed, the effect would be to bar advertising agencies from doing work for political candidates or committees, or else to prevent ad agency vendors from providing agencies with credit terms for fear that a prohibited political candidate or committee might be the beneficiary of the services. Surely, this is absurd. The test for a prohibited loan should not be whether a political committee is a third-party beneficiary of services financed by those loan proceeds.

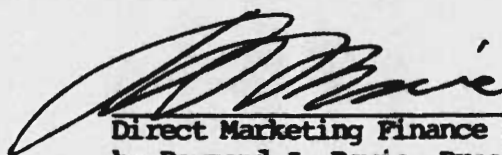
The Commission has recognized as much in its Advisory Opinion 1979-36, which the General Counsel cites but tries to dismiss simply because it involved a direct mail company directly financing vendor services for a political client, rather than borrowing its financing from a company like DMF&E. DMF&E argues, on the other hand, that Advisory Opinion 1979-36 is right on point with this case, and if a direct mail corporation can advance funds for a political committee from its own funds, then certainly it can lawfully borrow the same funds from a finance corporation without making the finance corporation (DMF&E) violate the law. The test of the Commission in Advisory Opinion 1979-36 is whether the financing arrangement is normal course of business and whether the charges (interest) are at least the normal charge for services of that type. In this case,

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even the General Counsel appears to concede that this postage loan in question was made in the normal course of business and with normal interest charges for both DMF&E and TVC as the direct mail agency borrower. As such, it clearly falls within the rule of Advisory Opinion 1979-36. If a direct mail corporation can make a loan in effect to a political committee client without violating the statute, it should certainly not be a violation for a finance corporation like DMF&E to make a loan to the direct marketing corporation which may then use that loan to provide its services to its political committee client.

III. CONCLUSION

In light of the foregoing, the Commission is asked to dismiss the General Counsel's recommendation that it find probable cause that DMF&E violated 2 U.S.C. 441b(a).



Direct Marketing Finance & Escrow, Inc.
by Raymond J. Bowie, President

Date: 2/7/91

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06-0073

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*CERTIFIED TRIAL SPECIALIST BY NETA

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1450 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
PHONE 548-1430

February 13, 1991

HAND DELIVER

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Ms. Hagan:

This letter is in reference to the General Counsel's letter of January 29, 1991, regarding the above-referenced matter. That letter advised us of the General Counsel's proposed recommendations, as well as the briefing schedule. Our responsive brief is due on February 15, 1991.

William J. Olson, Esquire, of this office is in charge of this matter and was scheduled to meet with Mr. Delgaudio today. However, Mr. Olson has taken ill and will be out of the office all day today, and possibly for several days. The meeting with Mr. Delgaudio had to be cancelled and must be rescheduled for some date later this month. Accordingly, we are requesting an extension of time, of fifteen days, within which to file a responsive brief.

We understand that your office previously stated that extension requests should be submitted five days prior to the due date, but our request has been occasioned by something entirely unforeseen. We hope that you will consider the circumstances we have explained as good cause, and that you will act favorably on our request.

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FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

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Thank you for your consideration in this matter.

Sincerely yours,

John S. Miles
John S. Miles

JSM:kp

cc: Eugene Delgaudio,
Public Affairs PAC

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 27, 1991

**William J. Olson, Esquire
Gilman, Olson & Pangia
1815 M Street, N.W.
Washington, D.C. 20006-3604**

**RE: MUR 3027
Public Affairs Political Action
Committee
Eugene Delgaudio, as treasurer**

Dear Mr. Olson:

This is in response to your letter dated February 13, 1991, which we received on the same day, requesting an extension of 15 days to respond to the General Counsel's Brief. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on March 4, 1991.

If you have any questions, please contact Frances B. Hagan, the staff member 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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MAIL ROOM

GILMAN, OLSON & PANGIA
ATTORNEYS AT LAW
1815 H STREET, NORTHWEST
WASHINGTON, D.C. 20006-3804

91 MAR -5 AM 11:38

NICHOLAS GILMAN, P.C. (DC, MD, PA)
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OF COUNSEL
GUY O. FARLEY JR. (VA)
JOHN S. MILES (DC, MD)

*CERTIFIED TRIAL SPECIALIST BY NETA

March 4, 1991

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

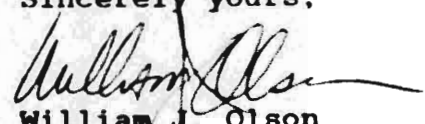
Re: MUR 3027
Public Affairs PAC

RECEIVED
FEDERAL ELECTION COMMISSION
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Dear Mrs. Hagan:

Our letter of February 13 advised you that it was our intention to have our client's response to you on or before "Monday, March 5" and we requested an extension until that date. This was a typo, as March 5 is a Tuesday. On Friday we received your letter approving an extension until Monday, March 4. We are meeting with our client on March 5, and anticipate filing our response either late in the day on March 5, or at the latest on March 6. Should this need to be approved as an extension, we would request a further extension to file, as stated. Thank you for your assistance.

Sincerely yours,


William J. Olson

WJO:gw

Enclosure
cc: Eugene Delgaudio

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215 546-4300

March 6, 1991

HAND DELIVER

Ms. Marjorie Emmons
Secretary to the Commission
Federal Election Commission
999 E Street, N.W., Room 905
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Ms. Emmons:

Enclosed please find ten copies of Public Affairs PAC's Response to General Counsel's Brief. Three copies of this brief are being sent with a copy of this letter to Ms. Hagan of the General Counsel's office.

Sincerely yours,


William J. Olson

WJO:gw

Enclosures

cc: ✓ Frances B. Hagan, Esquire
Office of the General Counsel
Eugene Delgaudio
Public Affairs PAC

91 MAR -6 AM 11:26

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Public Affairs PAC

MUR 3027

PUBLIC AFFAIRS PAC'S RESPONSE TO GENERAL COUNSEL'S BRIEF
Statement

The General Counsel has filed its brief in support of the Commission's making a finding of probable cause to believe that Public Affairs PAC (PAPAC) has violated 2 U.S.C., sections 434(b)(8) and 441b(a), with respect to two separate matters. This response is filed on behalf of PAPAC, in response to that brief.

The first issue involves an allegation that PAPAC accepted a corporate contribution in the form of a loan from Direct Marketing Finance and Escrow ("DMF&E"); and the second issue involves an allegation that PAPAC "failed to continuously disclose an outstanding debt" to Telecommunications Industries, Inc. ("TII"). Neither of these allegations is well founded, as discussed below.

Direct Marketing Finance and Escrow

The facts concerning this transaction are simple. In December, 1987, PAPAC entered into a contract with The Viguerie Company ("TVC") which lasted for approximately one year. The Viguerie Company provided direct mail advertising services, including preparing letters, selecting lists, contracting for printing, arranging mailings and thank you letters, and

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performing other direct marketing and fund raising services for Public Affairs PAC. TVC either performed the work itself, or arranged for the utilization of such vendors and suppliers as it needed to perform its agreement with PAPAC. Without the prior involvement of PAPAC, TVC apparently entered into an agreement with DMF&E to provide it with copywriting services, and, apparently loaned money to The Viguerie Company which was apparently used for postage and other purposes.

The General Counsel's memorandum is appropriately cautious in its allegation of violation, in stating that "the loan advance in this matter appears to be a prohibited corporate contribution." (Emphasis added, p. 4.)

The General Counsel's memorandum attempts to distinguish Advisory Opinion 1979-36, in which the Commission determined that the advance of credit by a direct mail fundraising and marketing organization to a political committee was not a contribution under the act. There, it was determined that the direct mail firm would "incur initial expenses in preparing and mailing the earliest fundraising materials." The Committee repaid the bills from the contributions received. The issues of whether the direct mail firm had a line of credit with a bank, whether it borrowed money from any of its officers or directors, or where else it obtained the funds that it used to incur and pay for the expenses in preparing and mailing the fundraising materials, were not discussed. The Commission implicitly determined that such

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concerns were not particularly relevant in ruling on the request for an advisory opinion.

Indeed, in AO 1979-36, the political committee would only be liable to pay a portion of the costs incurred, if the fundraising appeals were unsuccessful. Despite the fact that the political committee was not unequivocally liable for the debts incurred, the transaction was still deemed to not be a contribution. In the instant case, PAPAC would be fully responsible for the charges of TVC, irrespective of the results of the mailing. Therefore, the expenditures of the direct mail firm in the instant case have even fewer of the attributes of being a contribution than in AO 1979-36.

The General Counsel, 12 years after the issuance of AO 1979-36, now seeks to narrow its application, and to penalize PAPAC for having retained a direct mail firm that had less of its own capital to advance. This is the critical issue here, for if TVC had substantial capital, it would never have sought to borrow money to help pay for the "initial expenses in preparing and mailing" these fundraising materials. The source from which the direct mail firm obtains its working capital should have no bearing on whether a political committee is found to have accepted a corporate contribution. The adoption of a contrary rule would be fraught with practical and enforcement problems, and it should not be adopted.

The fact that such transactions are an "ordinary business practice" was considered an important factor in AO 1979-36. The

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General Counsel's Memorandum is willing to totally disregard this factor, and find that even if such arrangements are incurred in the "ordinary course of business" it violates the act. PAPAC was treated as other clients of TVC. The matter would never have surfaced but for an error in the filing of a report with the Commission by PAPAC.

Accordingly, the Commission should find that there is no probable cause to believe that a violation of the Act has occurred.

Telecommunications Industries, Inc.

The second matter arose based on a complaint with the FEC by a creditor of PAPAC, filed in an effort to bring pressure on PAPAC to pay its bill. TII alleged that PAPAC failed to list on a single report -- its 1988 Year-End Report -- a debt of \$9,504.73. As of the next filing, the 1989 Mid-Year Report, PAPAC listed "a potential debt to TII" of \$6,754.73 and it is not now alleged that this or any subsequent reporting was improper.

Several facts are important to explain PAPAC's having not listed this item, and these facts appear to be unquestioned.

It is unquestioned that PAPAC never dealt directly with TII and that the bills were incurred by TVC.

PAPAC first learned of the existence of any bill whatsoever from TII on January 5, 1989, only shortly before the date on which the 1988 Year End Report was to be filed. It would not have been totally unreasonable for PAPAC to have considered this letter concerning TII's work as relating to calendar year 1989.

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the year in which such information was first received, albeit for work performed in 1988. Moreover, this was the same month that the contractual relationship between PAPAC and TVC was coming to a close, and obtaining information about these charges was somewhat more difficult than would ordinarily have been the case.

The only allegation by the General Counsel which reflects any knowledge on the part of PAPAC during 1988 is the sentence "Complainant provided a letter to the Committee from the Committee's direct mail consultant (TVC) dated December 28, 1988, providing detailed information concerning the invoices and amounts in question." (Memorandum, p. 5.) This is the very same letter that was received by PAPAC on January 5, 1989, as evidenced by a contemporaneous date stamp notation on the face of the letter.

It is unquestioned that this was a seriously contested billing. PAPAC raised serious questions about this billing in January 1989, and refused to accept the legitimacy of much of these charges as PAPAC had learned that TII had apparently delayed certain critical fundraising mailings of PAPAC, resulting in substantial loss to PAPAC. This is not a post hoc rationalization for failure to list this item, as the matter went to litigation in Fairfax General District Court, in which PAPAC was represented by counsel. After a contested trial, and subsequent to the trial to the court, judgment was entered against PAPAC.

92040385132

Under these facts, the failure to list this item in PAPAC's 1989 Year End Report should not be found to constitute a violation of the Act, and the Commission should find that there is no probable cause to pursue this allegation.

Respectfully submitted,



WILLIAM J. OLSON
Gilman, Olson & Pangia
1815 H Street, N.W., Suite 600
Washington, D.C. 20006
(202) 466-5100

Attorneys for Respondent
Public Affairs PAC

92040385133

**FEDERAL ELECTION COMMISSION**

WASHINGTON DC 20463

September 24, 1990**MEMORANDUM**

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

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

SUBJECT: REFERRAL OF UNAUTHORIZED COMMITTEES FOR NON-FILING
OF THE 1990 JULY QUARTERLY REPORT

Attached is a listing of three (3) unauthorized committees which failed to file the 1990 July Quarterly Report within thirty (30) calendar days from the date of the Non-Filer Notice.

For your information, each committee was sent prior notice of the due date for the 1990 July Quarterly Report on June 21, 1990 (Attachment 4). Non-Filer Notices were sent to the committees on August 7, 1990 (Attachment 5).

If you have any questions, please contact Lisa Stolaruk at 376-2480.

Attachment

92040385134

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C00224493: Public Affairs PAC

90NF-19

Prior Referral

- #90L-26: referred June 27, 1989 for failure to file the 1988 12 Day Pre-General Report by Election Day and the receipt of a prohibited contribution in the form of a loan. See open MUR 3027.

9 2 0 4 0 3 8 5 1 3 6

Page 1

REPORTS FILED/
RESPONSES

CONTACTS
WITH FILER ATCH

COMMITTEE ID, NAME AND ADDRESS

.....

CO0224493
PUBLIC AFFAIRS PAC
TREASURER'S NAME: EUGENE A DELGAUDIO
3245 RIO DRIVE #1003
FALLS CHURCH VA 22041

9/05/90 3b None

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
						TYPE OF FILER
PUBLIC AFFAIRS PAC				ID #C00224493 NON-PARTY NON-QUALIFIED		
CONNECTED ORGANIZATION: NONE						
	1989 MID-YEAR REPORT	7,197	5,816	1JAN89 -30JUN89	7	89FEC/605/1983
	MID-YEAR REPORT - AMENDMENT	7,197	5,816	1JAN89 -30JUN89	3	90FEC/639/0544
	REQUEST FOR ADDITIONAL INFORMATION			1JAN89 -30JUN89	1	89FEC/617/4292
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN89 -30JUN89	2	90FEC/619/0888
	YEAR-END	10,484	10,680	1JUL89 -31DEC89	7	90FEC/626/0336
	YEAR-END - AMENDMENT	10,484	10,680	1JUL89 -31DEC89	11	90FEC/639/0533
	REQUEST FOR ADDITIONAL INFORMATION			1JUL89 -31DEC89	1	90FEC/631/3956
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JUL89 -31DEC89	2	90FEC/634/2214
	1990 APRIL QUARTERLY	6,432	7,334	1JAN90 -31MAR90	8	90FEC/638/1393
	REQUEST FOR ADDITIONAL INFORMATION			1JAN90 -31MAR90	1	90FEC/642/0197
	REQUEST FOR ADDITIONAL INFORMATION 2ND			1JAN90 -31MAR90	2	90FEC/644/1787
	NOTICE OF FAILURE TO FILE			1APR90 -30JUN90	1	90FEC/651/3826
	TOTAL	24,113	0 23,830 0		46	TOTAL PAGES

All reports have been reviewed.
Ending cash-on-hand as of 03/31/90: \$797
Outstanding debts owed by the
committee as of 03/31/90: \$76,156

92040385137

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
						TYPE OF FILER
PUBLIC AFFAIRS PAC				ID 8C00224493	NON-PARTY NON-QUALIFIED	
CONNECTED ORGANIZATION: NONE						
1988 STATEMENT OF ORGANIZATION				18MAR88	2	88FEC/513/1398
MISCELLANEOUS REPORT TO FEC				12AUG88	2	88FEC/541/3125
MISCELLANEOUS REPORT TO FEC				30NOV88	2	88FEC/566/0924
MISCELLANEOUS REPORT TO FEC				12DEC88	2	88FEC/572/5259
APRIL QUARTERLY		41,382	15,980	1MAR88 -31MAR88	4	88FEC/519/3414
APRIL QUARTERLY - AMENDMENT		41,382	15,980	1MAR88 -31MAR88	9	88FEC/528/1622
REQUEST FOR ADDITIONAL INFORMATION				1MAR88 -31MAR88	2	88FEC/528/0329
JULY QUARTERLY		58,135	70,868	1APR88 -30JUN88	8	88FEC/540/5287
NOTICE OF FAILURE TO FILE				1APR88 -30JUN88	1	88FEC/541/0415
REQUEST FOR ADDITIONAL INFORMATION				1APR88 -30JUN88	1	88FEC/543/4961
REQUEST FOR ADDITIONAL INFORMATION 2ND				1APR88 -30JUN88	2	88FEC/547/3500
OCTOBER QUARTERLY		45,942	28,473	1JUL88 -30SEP88	9	88FEC/555/1523
OCTOBER QUARTERLY - AMENDMENT		45,942	28,473	1JUL88 -30SEP88	9	88FEC/557/4716
OCTOBER QUARTERLY - AMENDMENT		-	-	1JUL88 -30SEP88	4	89FEC/575/5335
OCTOBER QUARTERLY - AMENDMENT		34,567	25,870	1JUL88 -30SEP88	6	89FEC/605/1990
REQUEST FOR ADDITIONAL INFORMATION				1JUL88 -30SEP88	3	88FEC/565/4295
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JUL88 -30SEP88	1	88FEC/574/5308
POST-GENERAL		24,885	29,813	1OCT88 -28NOV88	11	88FEC/572/3608
POST-GENERAL - AMENDMENT		24,885	29,813	1OCT88 -28NOV88	5	88FEC/572/3614
POST-GENERAL - AMENDMENT		-	-	1OCT88 -28NOV88	1	89FEC/589/1379
POST-GENERAL - AMENDMENT		24,885	29,813	1OCT88 -28NOV88	5	89FEC/605/1978
REQUEST FOR ADDITIONAL INFORMATION				1OCT88 -28NOV88	1	89FEC/585/1015
REQUEST FOR ADDITIONAL INFORMATION 2ND				1OCT88 -28NOV88	2	89FEC/588/0586
YEAR-END		0	0	29NOV88 -31DEC88	4	89FEC/589/1380
YEAR-END - AMENDMENT		0	0	29NOV88 -31DEC88	4	90FEC/622/3292
NOTICE OF FAILURE TO FILE				29NOV88 -31DEC88	1	89FEC/586/1447
TOTAL		159,969	0 142,531		101	TOTAL PAGES

All reports have been reviewed.
Ending cash-on-hand as of 12/31/88: \$16,438
Outstanding debts owed by
the committee as of 12/31/88: \$0

92040385138

TELECON

ANALYST: Donald L. Averett

CONVERSATION WITH: Eugene Delgaudio, treasurer

COMMITTEE: Public Affairs PAC
C00224493

DATE: 9/5/90

SUBJECT: Nonfiling of the July Quarterly Report due 7/15/90

I advised Mr. Delgaudio that the Commission had not received the committee's July Quarterly report. Mr. Delgaudio stated that the report would be filed by the following day, September 6, 1990. Mr. Delgaudio also verified the committee address listed in the Commission records.

92040385139

QUARTERLY REPORT NOTICE

Attachment 4

FEDERAL ELECTION COMMISSION

PARTIES AND PACS

June 21, 1990

REPORT	REPORTING PERIOD	REG./CERT. MAILING DATE*	FILING DATE
July Quarterly	04/01/90** - 06/30/90	07/15/90	07/15/90

WHO MUST FILE

PARTY COMMITTEES AND PACs (NONCONNECTED COMMITTEES AND SEPARATE SEGREGATED FUNDS) filing on a quarterly basis must file a quarterly report in July.

WHAT MUST BE REPORTED

Disclose all financial activity (not previously reported) that occurred during the reporting period.

REPORTING FORMS

Party committees and PACs use Form 3X (enclosed).

WHERE TO FILE

Consult the instructions on the back of the Form 3X Summary Page. Note state filing requirements also.

LABEL

Committees should affix the peel-off label from the envelope to Line 1 of the report. Corrections should be made on the label.

PRE-ELECTION REPORTING

Committees which make contributions or expenditures (including independent expenditures) in connection with a candidate's primary election, must also file a 12-day Pre-Election Report if the activity was not previously reported. See the January Record.

LAST-MINUTE INDEPENDENT EXPENDITURES

Committees which make an independent expenditure of \$1,000 or more, after the 20th day, but more than 24 hours before an election, must report it within 24 hours.

COMPLIANCE

TREASURERS OF POLITICAL COMMITTEES ARE RESPONSIBLE FOR FILING ALL REPORTS ON TIME. FAILURE TO DO SO IS SUBJECT TO ENFORCEMENT ACTION. COMMITTEES FILING ILLEGIBLE REPORTS OR USING NON-FEC FORMS WILL BE REQUIRED TO REFILE.

*Reports sent by registered or certified mail will be considered filed on the date of the U.S. postmark. Reports hand delivered or mailed first class must be received by the filing date.

**The period begins with the close of the last report filed by the committee. If the committee has filed no previous reports, the period begins with the date of the committee's first activity.

FOR INFORMATION, call (202)376-3120 or 1(800)424-9530

22040383140



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-7

August 7, 1990

Treasurer
Committee
Street
City, State Zip

Identification Number: Identification Number

Reference: July Quarterly Report (4/1/90-6/30/90)

Dear Treasurer:

It has come to the attention of the Federal Election Commission ("the Commission") that your committee may be in violation of 2 U.S.C. §434(a) for failing to file the above referenced Report of Receipts and Disbursements. You were previously notified of the due date for this report.

It is important that you file this report immediately with the Federal Election Commission, 999 E Street, NW, Washington, DC 20463 (or with the Clerk of the House or the Secretary of the Senate, as appropriate). A copy of the report or its relevant portions should also be filed with the Secretary of State or equivalent state officer (see 11 CFR §§108.2, 108.3, 108.4).

Although the Commission may initiate an audit or legal enforcement action concerning this matter, your prompt response and a letter of explanation will be taken into consideration.

If you have any questions, please contact analyst on our toll-free number (800) 424-9530. Our local number is (202) 376-2480.

Sincerely,

John D. Gibson
Assistant Staff Director
Reports Analysis Division

9204085141

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

**RAD Referral #90NF 17/18/19
Staff Member: Tamara Kapper**

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

RESPONDENTS:

**Public Affairs PAC and Eugene A. Delgaudio,
as treasurer**

RELEVANT STATUTE: 2 U.S.C. § 434(a)(4)(A)(i)

**INTERNAL REPORTS CHECKED: Referral Material
Disclosure Reports**

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

The Reports Analysis Division referred the above three (3) committees to the Office of the General Counsel on September 25, 1990. Attachment 1. The basis of the attached referral is the failure of

Public Affairs

**PAC and Eugene A. Delgaudio, as treasurer ("PAPAC"), to file or
timely file their 1990 July Quarterly Reports.**

II. FACTUAL AND LEGAL ANALYSES

For the Factual and Legal Analyses, See Attachment 2.

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A.

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C. Public Affairs Political Action Committee

PAPAC is a respondent in MUR 3027. On January 30, 1990 the Commission found reason to believe in MUR 3027 that PAPAC violated 2 U.S.C. §§ 434(a)(4)(A)(ii), 434(b)(8), and 441b(a) for the failure to file the 1988 12 Day Pre-General Report, the failure to continuously report debts and the receipt of a corporate contribution, respectively. In addition, on August 9, 1990 the Commission found reason to believe that PAPAC violated 2 U.S.C. § 433(b)(6) for the failure to disclose all of their bank accounts. Since MUR 3027 includes other, more substantive, reporting violations and respondents have already begun pre-probable cause conciliation negotiations with this Office in that matter, this Office recommends that the Commission open a new MUR in regard to the failure to file the 1990 July Quarterly Report.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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III. RECOMMENDATIONS

1. Open new NURs with respect to each of the following committees:

Public Affairs PAC (90WF-19).

2. Find reason to believe that the following committees and their respective treasurers violated 2 U.S.C. § 434(a)(4)(A)(i) and enter into conciliation prior to a finding of probable cause to believe:
 - a.
 - b.
 - c. Public Affairs PAC and Eugene A. Delgaudio, as treasurer.
3. Approve the appropriate letters, and attached Factual and Legal Analyses and proposed Conciliation Agreements.

Lawrence M. Noble
General Counsel

Date

11/21/90

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Referral Materials
2. Factual and Legal Analyses (3)
3. Proposed Conciliation Agreements (3)

9204085146



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20543

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EDMONS/DELORES HARRIS
COMMISSION SECRETARY

DATE: NOVEMBER 27, 1990

SUBJECT: RAD REFERRAL 90NF-17/18/19 -
FIRST GENERAL COUNSEL'S REPORT
DATED NOVEMBER 21, 1990

The above-captioned document was circulated to the
Commission on Monday, November 26, 1990 at 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 Josefiak	_____
Commissioner McDonald	XXX
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for TUESDAY, DECEMBER 4, 1990.

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

9204085147



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

RECEIVED

90 NOV 28 PM 3:00

MEMORANDUM

TO: Marjorie W. Emmons
Commission Secretary

FROM: *D. McDonald*
Danny L. McDonald
Commissioner

RE: RAD Referral

DATE: November 28, 1990

I would like to withdraw my objection to RAD Referral
#90NF 17/18/19 and cast my vote in the affirmative.

Thank you for your assistance in this matter.

9204085148

90 NOV 28 PM 3:00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) RAD Referrals
) #90NF 17/18/19
)
)
)
)
)
)

Public Affairs PAC and Eugene A.
Delgaudio, as treasurer.

██████████ 7) 19

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 28, 1990, the Commission decided by a vote of 6-0 to take the following actions in RAD Referrals #90NF 17/18/19:

1. Open new MURs with respect to each of the following committees:

Public Affairs PAC (90NF-19).

2. Find reason to believe that the following committees and their respective treasurers violated 2 U.S.C. § 434(a)(4)(A)(i) and enter into conciliation prior to a finding of probable cause to believe:

a.

b.

(Continued)

9204085149

c. Public Affairs PAC and Eugene A.
Delgaudio, as treasurer.

3. Approve the appropriate letters, and Factual
and Legal Analyses and proposed Conciliation
Agreements, as recommended in the General
Counsel's Report dated November 21, 1990.

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

Attest:

11/30/90
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Mon.,	Nov. 26, 1990	9:09 a.m.
Circulated to the Commission:	Mon.,	Nov. 26, 1990	11:00 a.m.
Deadline for vote:	Wed.,	Nov. 28, 1990	11:00 a.m.
Objection received:	Wed.,	Nov. 27, 1990	11:13 a.m.
Objection withdrawn:	Thurs.,	Nov. 28, 1990	3:40 p.m.

dr

92040385150



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 6, 1990

**Eugene A. Delgaudio, Treasurer
Public Affairs PAC
3245 Rio Drive #1003
Falls Church, VA 22041**

**RE: MUR 3187
Public Affairs PAC and
Eugene A. Delgaudio, as
treasurer**

Dear Mr. Delgaudio:

On November 28, 1990, the Federal Election Commission found that there is reason to believe that Public Affairs PAC ("Committee") and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), 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.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

9204085151

Eugene A. Delgaudio
Page 2

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

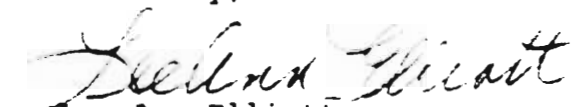
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 Tamara Kapper, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,


Lee Ann Elliott
Chairman

Enclosures

Factual and Legal Analysis
Procedures
Designation of Counsel Form
Conciliation Agreement

9204085152

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Public Affairs PAC and
Eugene A. Delgaudio,
as treasurer

MUR: 3187

SUMMARY OF ALLEGATIONS

It is alleged that the Public Affairs PAC and Eugene A. Delgaudio, as treasurer ("PAPAC"), failed to timely file the 1990 July Quarterly Report in violation of 2 U.S.C. § 434(a)(4)(A)(i).

FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), requires treasurers of unauthorized political committees to file periodic reports of receipts and disbursements on a quarterly or monthly basis during calendar years in which a regularly scheduled general election is held. 2 U.S.C. § 434(a)(4). Committees opting to file on a quarterly basis are required to file quarterly reports on or before the 15th day after the last day of each calendar quarter, except the last report for the year which is due on or before January 31 of the following year. 2 U.S.C. § 434(a)(4)(A)(i).

PAPAC is an unauthorized political committee which has elected to report on a quarterly basis. Pursuant to 2 U.S.C.

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§ 434(a)(4)(A)(i), the due date for PAPAC's 1990 July Quarterly Report was July 15, 1990.

PAPAC was notified on June 21, 1990 that the 1990 July Quarterly Report was due on July 15, 1990. A Non-Filer Notice was sent to PAPAC on August 7, 1990 informing the committee that failure to file the report could result in audit or legal enforcement action. PAPAC filed the 1990 July Quarterly Report on November 5, 1990, 113 days late. Therefore, there is reason to believe that Public Affairs PAC and Eugene A. Delgaudio, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i).

9204085154



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 2, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Eugene A. Delgaudio, Treasurer
Public Affairs PAC
3245 Rio Drive #1003
Falls Church, VA 22041

RE: MUR 3187
Public Affairs PAC
and Eugene A. Delgaudio,
as treasurer

Dear Mr. Delgaudio:

On December 6, 1990, you were notified that the Federal Election Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On that same date you were sent a conciliation agreement offered by the Commission in settlement of this matter.

Please note that conciliation negotiations entered into prior to a finding of probable cause to believe are limited to a maximum of 30 days. To date, you have not responded to the proposed agreement. The 30 day period for negotiations will soon expire. Unless we receive a response from you within five days, this Office will consider these negotiations terminated and will proceed to the next stage of the enforcement process.

Should you have any questions, please contact Tamara Kapper, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

92040385155

FEDERAL ELECTION COMMISSION
MAIL ROOM

91 JAN 11 AM 11:02

06C9794
January 10, 1991
Public Affairs PAC (NEW ADDRESS)
6734 Westcott Road
Falls Church, Va. 22042

By Regular First Class Mail

Re: MR 3187
PA PAC

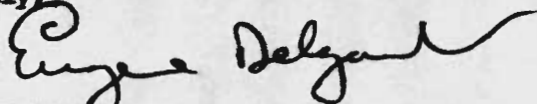
Tamara Kapper, Staff Member
General Counsel's Office
Federal Election Commission
Washington, D.C. 20463

Dear Tamara Kapper:

As discussed by telephone today, please consider adding
MR 3187, as presented in a letter dated December 6, (We
received that letter at our old address December 17.) to
MR 3027, PA-PAC.

Thank you for telling me that PA PAC must request this in
writing, so please consider this written request.

Sincerely,



Eugene Delgaudio
treasurer, Public Affairs PAC

6734 Westcott Road (new address)
Falls Church, Va. 22042

CC: Frances B. Hagan, Esquire
General Counsel's Office, FEC

William Olson, Esquire
Attorney at law

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

91 JAN 11 PM 2:05

92040885156

91 MAR -4 AM 10:46

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	HURs 3027 and 3187
Public Affairs Political Action	)	
Committee	)	
Eugene Delgaudio, as treasurer	)	
Direct Marketing Finance	)	
and Escrow, Inc.	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

HUR 3027

Based on information referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") and allegations in a complaint filed by Telecommunications Industries, Inc. ("TII"), a committee vendor, on January 30, 1990, the Commission found reason to believe that Public Affairs Political Action Committee ("the Committee") and Eugene Delgaudio, as treasurer, violated 2 U.S.C. §§ 434(a)(4)(A)(ii) for failure to file the 1988 12 Day Pre-General Report in a timely manner; 434(b)(8) for failure to continuously disclose an outstanding debt to TII; and 441b(a) for accepting a corporate loan/contribution from Direct Marketing Finance and Escrow ("DMF&E"). At the same time, the Commission found reason to believe that DMF&E violated 2 U.S.C. § 441b(a) when it made a prohibited contribution in the form of a loan to fund printing and mailing services for the Committee.

Subsequently, the complainant submitted an amendment to the complaint against the Committee alleging an additional violation of the Act. On August 9, 1990, the Commission found reason to

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believe that the Committee and its treasurer violated 2 U.S.C. § 433(b)(6) by failing to disclose all depositories on its statement of organization. On October 20, 1990, the Committee amended the statement of organization to disclose two previously unreported depositories. One depository, an escrow account used for direct mail transactions, had already been closed.

By letter and telephone, the Committee requested resolution through pre-probable cause conciliation of the violations of 2 U.S.C. §§ 434(a)(4)(A)(ii) and 433(b)(6). The remaining two Committee violations and the DMF&E issue are addressed in the General Counsel's briefs mailed to respondents on January 29, 1991.

MUR 3187

On November 28, 1990, the Commission found reason to believe that the Committee violated 2 U.S.C. § 434(a)(4)(A)(i) for failure to file the 1990 July Quarterly Report in a timely manner. By letter dated January 11, 1991, the Committee treasurer requested resolution of this issue in conciliation along with MUR 3027. This Office is recommending that the Commission merge these matters to be called MUR 3027.

II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

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9 2 0 4 0 3 8 5 1 6 0

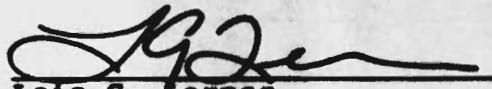
III. RECOMMENDATIONS

1. Merge MUR 3187 with MUR 3027, retaining the designation of MUR 3027.
2. Enter into conciliation with Public Affairs Political Action Committee and Eugene A. Delgaudio, as treasurer, prior to a finding of probable cause to believe.
3. Approve the attached proposed conciliation agreement and the appropriate letter.

Lawrence M. Noble
General Counsel

Date 3/1/91

BY:


Lois G. Lerner
Associate General Counsel

Attachments

- A. Requests for conciliation
- B. Proposed Conciliation Agreement

Staff assigned: Frances B. Hagan

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MURS 3027 and 3187

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 6, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3027 and 3187:

1. Merge MUR 3187 with MUR 3027, retaining the designation of MUR 3027.
2. Enter into conciliation with Public Affairs Political Action Committee and Eugene A. Delgaudio, as treasurer, prior to a finding of probable cause to believe.
3. Approve the proposed conciliation agreement and the appropriate letter, as recommended in the General Counsel's Report dated March 1, 1991.

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

Attest:

Date _____

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Mon., March 4, 1991 10:46 a.m.
Circulated to the Commission: Mon., March 4, 1991 4:00 p.m.
Deadline for vote: Wed., March 6, 1991 4:00 p.m.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 14, 1991

**William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604**

**RE: MUR 3027
Public Affairs PAC
Eugene Delgaudio, as treasurer**

Dear Mr. Olson:

On January 30, 1990, the Federal Election Commission found reason to believe that your clients violated 2 U.S.C. §§ 434(a)(4)(A)(ii) and 434(b)(8). On August 9, 1990, the Commission found reason to believe that your clients violated 2 U.S.C. § 433(b)(6). On November 28, 1990, the Commission found reason to believe in MUR 3187 that your clients violated 2 U.S.C. § 434(a)(4)(A)(i). At your clients' request, on March 6, 1990, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of the violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii), and 433(b)(6) prior to a finding of probable cause to believe. At the same time, the Commission determined to merge MUR 3187 with MUR 3027, retaining the designation of MUR 3027.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with

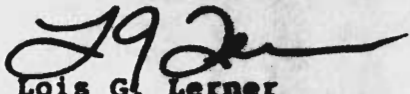
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William J. Olson, Esquire
Page 2

a mutually satisfactory conciliation agreement, please contact Frances B. Hagan, the staff member 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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RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

OCT 21 PM 4:48

SENSITIVE

In the Matter of

Public Affairs Political Action
Committee

Eugene Delgaudio, as treasurer
Direct Marketing Finance
and Escrow, Inc.

MUR 3027

EXECUTIVE SESSION

OCT 29 1991

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Based on information referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") and allegations in a complaint filed by Telecommunications Industries, Inc. ("TII"), a committee vendor, on January 30, 1990, the Commission found reason to believe that Public Affairs Political Action Committee ("the Committee" or "PAPAC") and Eugene Delgaudio, as treasurer, violated 2 U.S.C. §§ 434(a)(4)(A)(ii) for failure to file the 1988 12 Day Pre-General Report in a timely manner; 434(b)(8) for failure to continuously disclose an outstanding debt to TII; and 441b(a) for accepting a corporate loan/contribution from Direct Marketing Finance and Escrow ("DMF&E"). At the same time, the Commission found reason to believe that DMF&E violated 2 U.S.C. § 441b(a) when it made a prohibited contribution in the form of a loan to fund printing and mailing services for the Committee.

Subsequently, the complainant submitted an amendment to the complaint against the Committee alleging an additional violation of the Act. On August 9, 1990, the Commission found reason to believe that the Committee and its treasurer violated 2 U.S.C.

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§ 433(b)(6) by failing to disclose all depositories on its statement of organization. On October 20, 1990, the Committee amended the statement of organization to disclose two previously unreported depositories. One depository, an escrow account used for direct mail transactions, had already been closed.

On November 28, 1990, in MUR 3187, the Commission found reason to believe that the Committee violated 2 U.S.C. § 434(a)(4)(A)(i) for failure to file the 1990 July Quarterly Report in a timely manner.

By letters and telephone, the Committee requested resolution through pre-probable cause conciliation of the violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii), and 433(b)(6). On March 6, 1991, the Commission decided to merge MUR 3187 with MUR 3027, and to enter into conciliation with the Committee and its treasurer prior to a finding of probable cause to believe.

The Committee did not want to concede the violations concerning Sections 434(b)(8) and 441b. Thus, these issues and the DMF&E issue concerning Section 441b were addressed in the General Counsel's briefs mailed to respondents.

Given the Committee's position on these issues, this Office deferred consideration of the conciliation proposal in order to offer the Commission a discussion of the entire case in one report. As a result, this report includes both pre-probable cause conciliation and probable cause conciliation recommendations.

II. ANALYSIS

[Please refer to the General Counsel' Briefs for the legal

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and factual analysis of these issues.]

2 U.S.C. § 441b(a)

In its reply brief, the Committee argued that Advisory Opinion 1979-36 applies to its relationship with its direct mail firm, The Viguerie Company ("TVC") and the corporate lender DMF&E. In that Advisory Opinion, the Commission approved an agreement whereby a direct mail firm would develop a fundraising campaign for a client, using a portion of the funds solicited to meet its operating expenses. The initial expenses for preparing the mailing were to be borne by the company, and a designated portion of the funds raised were to be paid to the direct mail firm on a monthly basis.

Although in that Advisory Opinion the Commission said the direct mail firm could advance the start-up costs of the mailing, the issue of a third party lender was not addressed. The Committee asserted that by failing to address the issue, "[t]he Commission implicitly determined that such concerns were not particularly relevant in ruling on the request for an advisory opinion." This assertion by the Committee is not valid in that advisory opinions address only the facts presented by the requester. The Commission did not comment regarding a third party lender because the issue did not arise in AO 1979-36.

The Committee stated that by pursuing this matter, the Commission is penalizing PAPAC for retaining a direct mail firm without enough of its own capital to use for start-up costs. Respondent argued that "the source from which the direct mail firm obtains its working capital should have no bearing on

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whether a political committee is found to have accepted a corporate contribution." Attachment B, 3. On the contrary, however, the source of funds for political activity is the critical issue in cases such as this when the direct mail firm acts as an agent of the committee to arrange funding from a third party. Under the Act, corporations may not make contributions, including loans, on behalf of political committees. 2 U.S.C. § 441b(a) and 2 U.S.C. § 441b(b)(2). The only exception to this prohibition against corporate loans is where the loan is made by a bank. 2 U.S.C. § 431(8)(B)(vii).

In its response brief, DMF&E asserted that its loan in connection with the Committee's political mailing did not constitute a violation of 2 U.S.C. § 441b(a). DMF&E made the same argument as the Committee: that funds obtained from a third party lender to a vendor/agent of the Committee should not be considered a contribution to the vendor's client/political committee, particularly when the lender had no direct knowledge of the loan's beneficiary. The finance corporation also asserted that AO 1979-36 is directly applicable to its case.

DMF&E stated that it has never done business directly with PAPAC, and that it had an established lending relationship with PAPAC's direct marketing firm, TVC. DMF&E apparently granted a line of credit to TVC for TVC's use to pay the costs of a PAPAC mailing. The finance corporation asserted that at the time of the mailing, it did not recognize the designated mailing "PAPAC Quayle Media Bias Pkg" as that of a political action committee.

DMF&E further argued that the Committee was not a party to

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the loan, and stated that repayment of its loan was made through an escrow account set up between TVC and the Committee. The Committee did enter into an escrow agreement with TVC and an escrow agent to handle the funds for the mailing, including repayment of the loan totaling \$14,189.26. However, the escrow account used in these transactions is a designated depository of the Committee and thus, the proceeds of the mailing as well as the repayment are Committee funds under the Act. 2 U.S.C. § 432(h)(1).

As a general matter, arrangements in which third party, non-banking lenders finance the activities of federal political committees violate 2 U.S.C. § 441b. In this particular case however, the facts presented suggest that certain mitigation is warranted in the resolution of this issue. Specifically, the facts noted above indicate that TVC, a large direct mail company serving political and non-political clients, had an established lending relationship with DMF&E, a finance company organized to engage in the business of securing financing and escrow services for the needs of the direct marketing industry. As part of its normal business practice, TVC obtained a line of credit from DMF&E to do a mailing for its client PAPAC. Apparently according to an agreement with DMF&E, TVC was legally liable for repayment of the credit extended. There is no evidence that DMF&E knew the PAPAC client to be a federal political committee.

In this regard, DMF&E's violation of 2 U.S.C. § 441b(a) is somewhat mitigated by its assertion that DMF&E made the loan agreement with TVC rather than with the client. According to

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DMF&E, the legal obligation to repay the loan rested exclusively with TVC. Moreover, DMF&E attests that it had no direct dealings with the TVC client identified as "Public Advocacy [sic] Political Action Committee," except for use of the name for bookkeeping purposes and for tracking the particular TVC loan. See DMF&E's response to reason to believe finding dated February 21, 1990. Further, DMF&E stated that at the time of the loan, it "did not recognize 'PAPAC Quayle Media Bias Pkg' to be a political action committee..." and thus may not have been aware that its loan would benefit a federal political client of TVC. See Attachment B, 8.

In light of the foregoing, this Office recommends that the Commission take no further action against the Committee and DMF&E regarding the violation of 2 U.S.C. § 441b(a).

2 U.S.C. § 434(b)(8)

The Committee stated that TII alleged a violation of 2 U.S.C. § 434(b)(8) to pressure the Committee to pay a disputed debt billed for more than \$9,500. The Committee omitted the debts in question from the 1988 Year End Report, but disclosed a debt to TII in subsequent reports. The Committee argued that it received notice of the TII debt in a letter from TVC on January 5, 1989, shortly before the 1988 Year End Report was due, and that the debt "was a seriously contested billing."

As stated in the General Counsel's Brief, the Commission has repeatedly concluded that continuous disclosure is required even for disputed debts, but that the Committee may include a memorandum noting that the debt is disputed. The dispute

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regarding this particular debt was settled in Fairfax General District Court, with TII winning a judgment against the Committee. Therefore, this Office is recommending that the Commission find probable cause to believe that the Committee violated 2 U.S.C. § 434(b)(8).

III. DISCUSSION OF CONCILIATION AGREEMENT

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This Office recommends that the Commission approve the proposed conciliation agreement containing both pre-probable cause and probable cause issues.

IV. RECOMMENDATIONS

1. Take no further action against the following for a violation of 2 U.S.C. § 441b(a):
 - a) Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer;
 - b) Direct Marketing Finance and Escrow, Inc.
2. Find probable cause to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 434(b)(8).
3. Close the file as it pertains to Direct Marketing Finance and Escrow, Inc.
4. Approve the attached conciliation agreement and the appropriate letters.

Date

10/18/91

Lawrence M. Noble (292)
Lawrence M. Noble
General Counsel

Attachments:

- A. Proposed Conciliation Agreement
- B. Response Briefs (2)

Staff assigned: Frances B. Hagan

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Public Affairs Political Action Committee;
Eugene Delgaudio, as treasurer;
Direct Marketing Finance and Escrow, Inc.

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)
MUR 3027

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session on
October 29, 1991, do hereby certify that the Commission
took the following actions in MUR 3027:

1. Failed in a vote of 3-3 to pass a motion to:
- a. Reject recommendation #1 in the
General Counsel's report dated
October 18, 1991, and instead find
no probable cause to believe that
the following violated 2 U.S.C.
§ 441b(a):
 - 1) Public Affairs Political Action
Committee and Eugene Delgaudio,
as treasurer;
 - 2) Direct Marketing Finance and
Escrow, Inc.
 - b. Find probable cause to believe that
Public Affairs Political Action
Committee and Eugene Delgaudio, as
treasurer, violated 2 U.S.C. § 434(b)(8).
 - c. Close the file as it pertains to
Direct Marketing Finance and Escrow, Inc.

(continued)

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- d. Approve the conciliation agreement and the appropriate letters as recommended in the General Counsel's report dated October 18, 1991.

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

2. Decided by a vote of 6-0 to

- a. Take no further action against the following for a violation of 2 U.S.C. § 441b(a):
- 1) Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer;
 - 2) Direct Marketing Finance and Escrow, Inc.
- b. Find probable cause to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 434(b)(8).
- c. Close the file as it pertains to Direct Marketing Finance and Escrow, Inc.

(continued)

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- d. Approve the conciliation agreement and the appropriate letters as recommended in the General Counsel's report dated October 18, 1991.

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

Attest:

10-31-91
Date

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 7, 1991

**William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604**

**RE: MUR 3027
Public Affairs Political Action
Committee
Eugene Delgaudio, as treasurer**

Dear Mr. Olson:

On October 29, 1991, the Federal Election Commission found that there is probable cause to believe your clients, Public Affairs Political Action Committee, and Eugene Delgaudio, as treasurer, violated 2 U.S.C. § 434(b)(8), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with the failure to continuously disclose a debt. At the same time, the Commission decided to take no further action against you clients for a violation of 2 U.S.C. § 441b(a).

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. Per mutual agreement between your clients and the Commission, this document combines both the pre-probable cause and post-probable cause issues. 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.

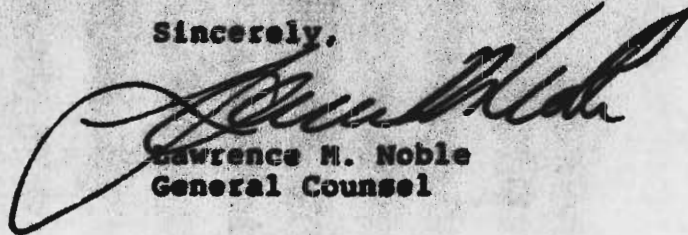
If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation

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William J. Olson, Esquire
Page 2

agreement, please contact Frances B. Hagan, the staff member
assigned to this matter, at (202) 219-3400.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 7, 1991

**Raymond J. Bowie, President
Direct Marketing Finance & Escrow, Inc.
3900 Jermantown Road, Suite 350
Fairfax, Virginia 22030**

**RE: MUR 3027
Direct Marketing Finance
and Escrow, Inc.**

Dear Mr. Bowie:

On February 5, 1990, you were notified that the Federal Election Commission found reason to believe that Direct Marketing Finance and Escrow, Inc. violated 2 U.S.C. § 441b(a).

After considering the circumstances of the matter, the Commission determined on October 29, 1991, to take no further action against DMF&E, and closed the file as it pertains to your corporation. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is 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.

The Commission reminds you that arrangements in which third party, non-banking lenders finance the activities of federal political committees appear to violate 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

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Raymond J. Bowie, President
Page 2

If you have any questions, please contact Frances B. Hagan,
the staff member assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

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GILMAN, OLSON & PANGIA
ATTORNEYS AT LAW
1815 H STREET, NORTHWEST
WASHINGTON, D.C. 20006-3604
(202) 462-5100
FACSIMILE (202) 331-8986

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NICHOLAS GILMAN, P.C. EDC, MD, PAI
WILLIAM J. OLSON, P.C. EDC, VAJ
MICHAEL J. PANGIA, P.C. EDC, NYI

OF COUNSEL
GUY O. FARLEY, JR. IVAJ
JOHN S. MILES EDC, MDI
LINDA B. BORSKY IGAJ

*CERTIFIED TRIAL SPECIALIST BY NETA

SUITE 310
1035 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 691-8200

SUITE 600
482 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA 19102
(215) 546-1430

December 9, 1991

Frances B. Hagan, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W., Sixth Floor
Washington, D.C. 20463

Re: MUR 3027
Public Affairs PAC

Dear Mrs. Hagan:

Enclosed please find a copy of the executed Conciliation Agreement in the above-referenced matter. Please advise us when the document is approved by the Commission so that our client will know when the first payment is due.

Thank you for working with us toward a resolution of this matter. With best regards.

Sincerely yours,


William J. Olson

WJO:jm

Enclosure

cc: Eugene Delgaudio
Public Affairs PAC

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OFFICE OF GENERAL COUNSEL
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SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Public Affairs Political Action
Committee
Eugene Delgaudio, as treasurer

MUR 3027

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Eugene Delgaudio, treasurer of the Public Affairs Political Action Committee. The attached agreement contains no changes from the agreement approved by the Commission on October 29, 1991. We have not received a civil penalty check.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer.
2. Close the file.
3. Approve the appropriate letters.

Lawrence M. Noble
General Counsel

Date

12/15/91

BY:

Lois G. Lerner
Associate General Counsel

Attachment
Conciliation Agreement

Staff Assigned: Frances B. Hagan

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Public Affairs Political) MUR 3027
Action Committee;)
Eugene Delgaudio, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 18, 1991, the Commission decided by a vote of 4-0 to take the following actions in MUR 3027:

1. Accept the conciliation agreement with Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, as recommended in the General Counsel's Report dated December 15, 1991.
2. Close the file.
3. Approve the appropriate letters, as recommended in the General Counsel's Report dated December 15, 1991.

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

Attest:

12-18-91
Date

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

Received in the Secretariat:	Mon., Dec. 16, 1991	3:33 p.m.
Circulated to the Commission:	Mon., Dec. 16, 1991	4:00 p.m.
Deadline for vote:	Wed., Dec. 18, 1991	4:00 p.m.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 3, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas Wollman
Telecommunications Industries, Inc.
3027 Rosemary Lane
Falls Church, VA 22042

RE: MUR 3027
Public Affairs Political Action
Committee and
Eugene Delgaudio, as treasurer

Dear Mr. Wollman:

This is in reference to the complaint you filed with the Federal Election Commission on July 20, 1989, and an amendment to that complaint filed on April 30, 1990.

After conducting an investigation in this matter, the Commission found that there was reason to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer, ("Respondents") violated 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii) and 433(b)(6), provisions of the Federal Election Campaign Act of 1971, as amended. The Commission also found reason to believe, and subsequently, probable cause to believe, that the Respondents violated 2 U.S.C. § 434(b)(8). On December 18, 1991, a conciliation agreement signed by the Respondents was accepted by the Commission, thereby concluding the matter. Accordingly, the Commission closed the file in this matter on the same date. A copy of this agreement is enclosed for your information.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Staff Attorney

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 3, 1992

CLOSED

William J. Olson, Esquire
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027
Public Affairs Political Action
Committee and
Eugene Delgaudio, as treasurer

Dear Mr. Olson:

On December 18, 1991, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii), 433(b)(6) and 434(b)(8), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondents and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the first payment of the civil penalty is due within 30 days of the conciliation agreement's effective date. I am currently assigned to this matter. If you have any questions, please call me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Attorney

Enclosure
Conciliation Agreement

22040385184

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Public Affairs Political Action) MUR 3027
Committee)
Eugene Delgaudio, as treasurer)

CONCILIATION AGREEMENT

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This matter was initiated by a signed, sworn, and notarized complaint by Telecommunications Industries, Inc. and by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Public Affairs Political Action Committee and Eugene Delgaudio, as treasurer ("Respondents") violated 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii), and 433(b)(6). The Commission found reason to believe and subsequently, probable cause to believe that Respondents violated 2 U.S.C. § 434(b)(8).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe concerning the violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii), and 433(b)(6) and, concerning the violation of 2 U.S.C. § 434(b)(8), subsequent to a finding of probable cause, do hereby agree as follows:

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

II. Respondents have had a reasonable opportunity to

demonstrate that no action should be taken in this matter.

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

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

1. Public Affairs Political Action Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Eugene Delgaudio is the treasurer of the respondent committee.

3. 2 U.S.C. § 434(b)(8) requires disclosure of the amount and nature of outstanding debts and obligations owed by or to a committee.

4. Telecommunications Industries, Inc. ("TII"), a vendor of the respondent committee, apparently performed services for the respondents as a subcontractor with TVC during July and September 1988. On December 28, 1988, TVC billed the respondents for \$9,504.73, representing these services.

5. Respondents omitted the debts in question from the 1988 Year End Report, but reported the disputed debt to TII on the 1989 Mid-Year disclosure report and in subsequent reports.

6. Section 434(a)(4)(A)(ii) of Title 2 provides that unauthorized committees filing quarterly shall file 12 Day Pre-General Reports if the committee makes any contributions to or expenditures on behalf of federal candidates in the general election. The pre-election reports are to be filed no later than the 12th day before the election and should be complete as of the 20th day before the election.

7. The 1988 12 Day Pre-General Report was due by

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October 27, 1988. On December 12, 1988, 46 days late, Respondents filed the 1988 30 Day Post-General Report which covered the 12 Day Pre-General reporting period. This report disclosed an independent expenditure made during the pre-primary period, indicating that the 12 Day Pre-General Report should have been filed.

8. Pursuant to 2 U.S.C. § 434(a)(4)(A)(i), for years in which a regularly scheduled general election is held, all political committees shall file quarterly reports no later than the 15th day after the last day of the calendar quarter.

9. Respondents have elected to report on a quarterly basis. Respondents therefore were required to file the 1990 July Quarterly Report no later than July 15, 1990. On November 5, 1990, 113 days late, Respondents filed this report, disclosing \$545 in receipts and \$7,958 in disbursements.

10. 2 U.S.C. § 433(b)(6) requires that a statement of organization for a political committee shall include a listing of all banks, safety deposit boxes, or other depositories used by the committee.

11. On October 20, 1990, Respondents amended the statement of organization to disclose two previously unreported depositories.

V. 1. Respondents failed to continuously report an outstanding debt in violation of 2 U.S.C. § 434(b)(8).

2. Respondents failed to file the 1988 12 Day Pre-General Report in a timely manner in violation of 2 U.S.C. § 434(a)(4)(A)(ii).

92040385187

3. Respondents failed to file the 1990 July Quarterly Report in a timely manner in violation of 2 U.S.C. § 434(a)(4)(A)(i).

4. Respondents failed to disclose bank depositories in a timely manner in violation of 2 U.S.C. § 433(b)(6).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of two thousand fifty dollars (\$2,050), pursuant to 2 U.S.C. § 437g(a)(5)(A), such penalty to be paid as follows:

1. One initial payment of \$250 due within 30 days of the effective date of this agreement;

2. Nine additional payments of \$200, each due within 30 days of the previous payment.

3. In the event that any installment payment is not received by the Commission by the fifth day after the 30 day period in which it becomes due, the Commission may, at its discretion, accelerate the remaining payments and cause the entire amount to become due upon ten days written notice to the respondents. Failure by the Commission to accelerate the payments with regard to any overdue installment shall not be construed as a waiver of its right to do so with regard to future overdue installments.

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

22040385188

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. 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

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

12/27/91
Date

FOR THE RESPONDENTS:

Eugene Delgaudio
Eugene Delgaudio
Treasurer, Public Affairs Political
Action Committee

12-4-91
Date

92040885189



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF RUC # 3027
MEH953 WITH 2931-3187

DATE FILMED 1/16/92 CAMERA NO. 4

CAMERAMAN JAB

9204085190



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3027.

1/29/92

92040392122



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

CLOSED

January 15, 1992

Raymond J. Bowie, President
Direct Marketing Finance & Escrow, Inc.
3900 Jermantown road, Suite 350
Fairfax, VA 22030

RE: MUR 3027
Director Marketing Finance
and Escrow, Inc.

Dear Mr. Bowie:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Xavier K. McDonnell
Staff Attorney

92040892123



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC RECORD IN (CLOSED) MUR 3027

3/16/92

92040895486

MUR 3027

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

92 FEB 28 AM 9:28

CLOSED

PUBLIC AFFAIRS POLITICAL ACTION COMMITTEE

8734 WESTCOTT ROAD
FALLS CHURCH, VA. 22042

February 28, 1992

Xavier K. McDonnell,
Attorney
Federal Elections Commission
Washington, D.C. 20463

Dear Xavier McDonnell:

PA PAC Check number 185 sent to you last month will
be returned to you by Nation's Bank, formerly Sovran
Bank. We regret the inconvenience.

In the recent takeover of Sovran by Nation's Bank, PA PAC's
bank account was closed. No record of this was at our home
branch. It has taken PA PAC two weeks to sort out this
oversight with Bank officials.

Enclosed is check number 0088 to pay for the replacement
of check number 185, which was unintentionally written
on a closed account.

Please accept this payment with our apology. Thank you.

Sincerely,



EUGENE DELGAUDIO
CHAIRMAN AND TREASURER
PA PAC

92 HAR -2 PH 3:37

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

9 2 0 4 0 8 9 5 4 8 7



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Feb. 28, 1992

TWO WAY MEMORANDUM

TO: Virginia Whitted
OGC, Docket

FROM: Philomena Brooks *PB*
Accounting Technician

SUBJECT: Account Determination for Funds Received

PAC We recently received a check from *Public Affairs*, check number *0087*, dated *Feb 26, 1992*, and in the amount of \$ *250.00*. 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.

TO: Philomena Brooks
Accounting Technician

FROM: Virginia Whitted
OGC, Docket

In reference to the above check in the amount of \$ 250.00, the MUR number is 3027 and in the name of Public Affairs PAC. The account into which it should be deposited is indicated below:

☒ Budget Clearing Account (OGC), 95F3875.16

☐ Civil Penalties Account, 95-1099.160

☐ Other: _____

Virginia Whitted
Signature

3/3/92
Date

92 MAR -2 PM 3:37

RECEIVED
FEDERAL ELECTION COMMISSION

92040895488

RECEIVED
FEDERAL ELECTION COMMISSION
FEB 26 1992

92 MAR -2 PH 3:37

PUBLIC AFFAIRS POLITICAL ACTION COMMITTEE

0089
68-738/560 **

Pay
to the
order of

Feb. 26 19 92

FEDERAL ELECTIONS COMMISSION

\$ 250.00

-----TWO HUNDRED AND FIFTY-----

Dollars

NationsBank
NationsBank of Virginia, N.A.

Replaces check NO 185

FEC nuR 3027

Erigne Delgandis

For

⑈000089⑈

⑆056007387⑆ 1011 5231⑈ 2 6



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3027.

3/31/92

92040901099



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 27, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

William J. Olson, Esq.
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027

Dear Mr. Olson:

On December 27, 1991, the Federal Election Commission and the Public Affairs Political Committee and Eugene Delgaudio, as treasurer ("your clients") entered into a conciliation agreement in settlement of violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii) and 2 U.S.C. §§ 433(b)(6) and (b)(8). According to the agreement, your clients were required to pay a civil penalty of \$2,050. The conciliation agreement provided for installment payments, with your clients' initial \$250 payment due within 30 days of the effective date of the agreement, and with nine additional payments of \$200 due every 30 days.

According to Commission records, you were notified by letter dated January 3, 1992, that the agreement was accepted by the Commission. Thus far, your clients have made only the initial \$250 payment. The payment for the month of March has not been received. Please be advised that, pursuant to the terms of the conciliation agreement, the Commission may, at its discretion, accelerate the remaining payments in the event that any installment payment is not timely received. Moreover, pursuant to 2 U.S.C. § 437g(a)(5)(D), violation of any provision of the conciliation agreement may result in the institution of a civil suit for relief in the United States District Court. Unless we receive the payment immediately, we will recommend that the Commission take the appropriate action.

If you believe that the Commission's records are in error, or if you have any questions, please call me at (202) 219-3400.

Sincerely

Xavier K. McDonnell
Xavier K. McDonnell

92040901100

CLOSED



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3027.

6/11/92

92040710018

CLOSED

GILMAN, OLSON & PANGIA
ATTORNEYS AT LAW
1815 H STREET, NORTHWEST
WASHINGTON, D.C. 20006-3604

(202) 466-8100
FACSIMILE (202) 331-8886

NICHOLAS GILMAN, P.C. (DC, MD, PA)
WILLIAM J. OLSON, P.C. (DC, VA)
MICHAEL J. PANGIA, P.C. (DC, NY)

OF COUNSEL
GUY O. FARLEY, JR. (VA)
JOHN S. MILES (DC, MD)
LINDA B. BORSKY (GA)

*CERTIFIED TRIAL SPECIALIST BY NETA

OGC 4640
RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

APR 7 1 19 PM '92

SUITE 310
10881 JUDICIAL DRIVE
FAIRFAX, VIRGINIA 22030
(703) 591-9200

SUITE 800
1480 WALNUT STREET
PHILADELPHIA, PENNSYLVANIA
(215) 546-1430

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
APR 7 7 50 PM '92

April 3, 1992

Mr. Xavier K. McDonnell
Federal Election Commission
Washington, D.C. 20463

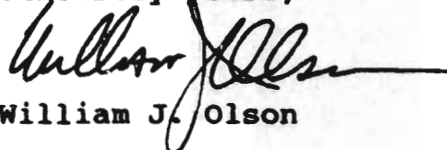
Dear Mr. McDonnell:

This is to confirm receipt of your letter dated March 27, 1992 regarding the conciliation agreement providing for payments to be made by our client Public Affairs Political Committee.

At the present time, our client is in the process of raising the money to pay the installments. On behalf of the Public Affairs Political Committee, we would request additional time to fulfill the payment obligation agreed to in the conciliation agreement. Our client anticipates that the payments will resume within the next thirty (30) days.

Thank you for your patience in this matter. We are sorry for any inconvenience it has caused you. If you have any questions, please do not hesitate to contact us at (703) 356-5070.

Sincerely yours,


William J. Olson

WJO:smr

cc: Mr. Eugene Delgaudio

92040910019

RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

52 APR 28 AM 9:50

In the Matter of
Public Affairs Political
Action Committee, and
Eugene Delgaudio, as treasurer

)
) MUR: 3027
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On December 18, 1991, the Commission accepted a conciliation agreement with Public Affairs Political Action Committee (the "Committee"), and Eugene Delgaudio, as treasurer ("Respondents"). The agreement was in settlement of violations of 2 U.S.C. § 433(b)(6) and (8) and 2 U.S.C. § 434(a)(4)(A)(i) and (ii). The agreement provided for a \$2,050 civil penalty, with an initial \$250 payment due within 30 days of the effective date of the agreement, and nine additional payments of \$200, payable every 30 days thereafter.

The Respondents were notified that the Commission accepted the agreement by letter dated January 3, 1992. The Committee's initial payment check, dated February 1, 1992, was received by the Commission on or about February 5, 1992. However, the \$250 check was returned for insufficient funds, allegedly resulting from a bank takeover. See Attachment 1 at pages 2-5. The dishonored check was replaced by the Respondents on March 2, 1992. Id. at page 7. No payment has since been received.

By letter, dated March 27, 1992, the Office of the General Counsel notified the Respondents that their civil payment for the month of March had not been received, and reminded the Respondents that the terms of the agreement provided that the Commission might

92040210020

accelerate the payments in the event that any installment payment was not timely received. Attachment 2. In a letter dated April 3, 1992, counsel for the Respondents stated that his clients were in the process of raising the money needed to pay the installments. Attachment 3. The Respondents then requested additional time to fulfill the payment obligation, and offered to resume making the payments within the next 30 days. Id.

It has now been over four months since the conciliation agreement in this matter has been executed, and yet, to date, only the initial civil payment has thus far been received. Moreover, the Respondents will be in arrears even if the Commission were to grant the requested 30 day extension, because they have not submitted any installment payments for the months of March and April of 1992. The Office of the General Counsel therefore recommends that the Commission reject the Respondents' request for an extension of 30 days to resume making the payments.

Attached is a letter for Commission approval which denies the Respondents' request for an extension, and informs the Respondents that the Commission has determined to accelerate the payment schedule unless installment payments for the months of March and April are received within 5 days of receipt of the letter.

II. RECOMMENDATIONS

1. Deny the Respondents' request for 30 days to resume making payments pursuant to the conciliation agreement in MUR 3027.
2. Accelerate the payment schedule unless Respondents become current in their payments.

92040910021

3. Approve the attached letter.

Lawrence M. Noble
General Counsel

4/29/12
Date

BY: [Signature]
Lois G. Lerner
Associate General Counsel

Attachments

1. Notice of Returned Check
2. Letter from General Counsel's Office
3. Request from Respondents.
4. Letter to Respondents

Staff Assigned: X.K. McDonnell

92040910022



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Feb 5, 1992

RECEIVED
FEDERAL ELECTION COMMISSION
92FEB-6 PM 3:19

TWO WAY MEMORANDUM

TO: Virginia Whitted
OGC, Docket

FROM: Philomena Brooks *PB*
Accounting Technician

SUBJECT: Account Determination for Funds Received

PAC We recently received a check from Public Affairs, check number 185, dated 1/25/92, and in the amount of \$ 250.00. 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.

TO: Philomena Brooks
Accounting Technician

FROM: Virginia Whitted
OGC, Docket

In reference to the above check in the amount of \$ 250.00, the MUR number is 3027 and in the name of Public Affairs. The account into which it should be deposited is indicated below:

- ☒ Budget Clearing Account (OGC), 95F3875.16
- ☐ Civil Penalties Account, 95-1099.160
- ☐ Other: _____

Virginia Whitted
Signature

2/1/92
Date

ATTACHMENT 1
of 1 of 2

92040910023

7 2 0 4 0 9 1 0 0 2 4

Public Affairs Political
Action Committee
Phone 703-845-1808
6001 Leesburg Pike, Suite 3
Falls Church, VA 22044

6734 West 11 Road
Falls Ch. VA 22042

185

Feb. 1 19 92

88-728 1046

Pay to the
Order of

FEDERAL ELECTIONS COMM

\$ 250.00

TWO HUNDRED

AND FIFTY CENTS

Dollars

SOVRAN BANK.

Sovran Bank, N.A., Bankers' Choice, Virginia

Memo

REC MUR 3027

Eugene Delgand

⑈000185⑈ ⑆0560 387⑆

17 8183⑈

⑈0000025000⑈

ATTACHMENT
Page 2 of 7

92 FEB 26 PM 4:14

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

92040210025



AMERICAN SECURITY BANK®
REGION 001

THE ATTACHED ITEM(S), RETURNED
TO US UNPAID, WERE CHARGED TO
YOUR ACCOUNT ON

DATE	ACCOUNT NO.
02-18-92	86628443

MAKER	CODE*	AMOUNT
PUBLIC AFFAIRS	OTR	25000
TOTAL		25000

THIS TOTAL WILL ALSO APPEAR ON
YOUR MONTHLY STATEMENT

US TREASURY CONTRACTUAL
ATTN VAULT BL/070
635 MASSACHUSETTES AVENUE NW
WASHINGTON DC 20005

201-175 (201)

CUSTOMER COPY

*CODE	
ACL - ACCOUNT CLOSED	RTM - REFER TO MAKER
DTB - DATE	SH - SIGNATURE
END - ENDORSE- MENT	STP - STOP PAYMENT
NEP - NON-SUPP. FUNDS	UNC - UNCOLLECTED FUNDS
OTR - OTHER	

92 FEB 26 PM 3:46

RECEIVED
FEDERAL ELECTION COMMISSION

2

ATTACHMENT
Page 3 of 7

DEBIT VOUCHER

DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE

VOUCHER NUMBER	DATE OF DEBIT TO U.S. TREASURY'S ACCOUNT	8-DIGIT OR 4-DIGIT AGENCY LOCATION CODE (ALC)	AMOUNT
(1) 73389	(2) M M D D Y Y / /	(3)	(4)
(5) ☐ UNCOLLECTIBLE ITEM ☐ OTHER (Explain in Book 6)		(6) DEPOSITARY USE	
(8) DEPOSITORS TITLE, DEPARTMENT OR AGENCY AND ADDRESS DEPOSITARY FORWARD TO DEPOSITOR		(7) NAME AND ADDRESS OF DEPOSITARY	
		(9) I CERTIFY THAT THE ABOVE AMOUNT HAS BEEN DEBITED TO THE ACCOUNT OF THE TREASURY ON THE DATE SHOWN. UNCOLLECTIBLE ITEMS HAVE BEEN RETURNED TO THE DEPOSITOR OR APPROPRIATE SOURCE SHOWN. AUTHORIZED SIGNATURE	
		CONFIRMED COPY	

73389

2/18/92

9535-001

250.50

OTR

Janice W Blake - Green
Federal Election Comm.
999 E St NW
Wash. DC 20463

Balti, MD AB
Stephanie Williams

92 FEB 26 PM 4:14

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

McDonnell

92 FEB 20 01 9:23

PUBLIC AFFAIRS POLITICAL ACTION COMMITTEE

8734 WESTCOTT ROAD
FALLS CHURCH, VA. 22042

February 28, 1992

Xavier K. McDonnell,
Attorney
Federal Elections Commission
Washington, D.C. 20463

Dear Xavier McDonnell:

PA PAC Check number 135 sent to you last month will be returned to you by Nation's Bank, formerly Sovran Bank. We regret the inconvenience.

In the recent takeover of Sovran by Nation's Bank, PA PAC's bank account was closed. No record of this was at our home branch. It has taken PA-PAC two weeks to sort out this oversight with Bank officials.

Enclosed is check number 0089 to pay for the replacement of check number 135, which was unintentionally written on a closed account.

Please accept this payment with our apology. Thank you.

Sincerely,



EUGENE DELGAUDIO
CHAIRMAN AND TREASURER
PA PAC

92 MAR -2 PM 3:37

RECEIVED
FEDERAL ELECTIONS COMMISSION

ATTACHMENT
Page 3 of 7

RECEIVED
FEDERAL ELECTIONS COMMISSION
OFFICE

92 MAR -2 PM 3:37

PUBLIC AFFAIRS POLITICAL ACTION COMMITTEE

0089

68-738/560 **

Pay
to the
order of

FEDERAL ELECTIONS COMMISSION

Feb. 26

19 92

\$ 250.00

-----TWO HUNDRED AND FIFTY-----

Dollars

NationsBank
NationsBank of Virginia, N.A.

Replaces check NO 185

FEC nuR 3027

Eugene Delgandis

For

⑈000089⑈ ⑈056007387⑈ 1011 5231⑈

ATTACHMENT
Page 2 of 2



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Feb. 28, 1992

TWO WAY MEMORANDUM

TO: Virginia Whitted
OGC, Docket

FROM: Philomena Brooks *PB*
Accounting Technician

SUBJECT: Account Determination for Funds Received

PAC We recently received a check from Public Affairs, check number 0089, dated Feb 26, 1992, and in the amount of \$250.00. 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.

TO: Philomena Brooks
Accounting Technician

FROM: Virginia Whitted
OGC, Docket

In reference to the above check in the amount of \$ 250.00, the MUR number is 3027 and in the name of Public Affairs PAC. The account into which it should be deposited is indicated below:

xxx Budget Clearing Account (OGC), 95F3875.16

— Civil Penalties Account, 95-1099.160

— Other: _____

Virginia Whitted
Signature

3/3/92
Date

ATTACHMENT 12
Page 8 of 7

92MAR-2 PH 3:37

RECEIVED
FEDERAL ELECTION COMMISSION
MAR 3 1992

92040910029



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 27, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

William J. Olson, Esq.
Gilman, Olson & Pangia
1815 H Street, N.W.
Washington, D.C. 20006-3604

RE: MUR 3027

Dear Mr. Olson:

On December 27, 1991, the Federal Election Commission and the Public Affairs Political Committee and Eugene Delgaudio, as treasurer ("your clients") entered into a conciliation agreement in settlement of violations of 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii) and 2 U.S.C. §§ 433(b)(6) and (b)(8). According to the agreement, your clients were required to pay a civil penalty of \$2,050. The conciliation agreement provided for installment payments, with your clients' initial \$250 payment due within 30 days of the effective date of the agreement, and with nine additional payments of \$200 due every 30 days.

According to Commission records, you were notified by letter dated January 3, 1992, that the agreement was accepted by the Commission. Thus far, your clients have made only the initial \$250 payment. The payment for the month of March has not been received. Please be advised that, pursuant to the terms of the conciliation agreement, the Commission may, at its discretion, accelerate the remaining payments in the event that any installment payment is not timely received. Moreover, pursuant to 2 U.S.C. § 437g(a)(5)(D), violation of any provision of the conciliation agreement may result in the institution of a civil suit for relief in the United States District Court. Unless we receive the payment immediately, we will recommend that the Commission take the appropriate action.

If you believe that the Commission's records are in error, or if you have any questions, please call me at (202) 219-3400.

Sincerely

Xavier K. McDonnell
Xavier K. McDonnell

ATTACHMENT 2
Page 1 of 1



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS *BB*
COMMISSION SECRETARY

DATE: MAY 1, 1992

SUBJECT: MUR 3027 - GENERAL COUNSEL'S REPORT
DATED APRIL 29, 1992.

The above-captioned document was circulated to the
Commission on Tuesday, April 28, 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	_____
Commissioner Elliott	_____XXX_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	_____XXX_____

This matter will be placed on the meeting agenda
for Tuesday, May 5, 1992.

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

22040910031

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3027
Public Affairs Political Action)
Committee and Eugene Delgaudio, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on May 5, 1992, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3027:

1. Deny the Respondents' request for 30 days to resume making payments pursuant to the conciliation agreement in MUR 3027.
2. Direct the Office of General Counsel to send a letter to the respondents informing them they have until June 5, 1992 to become current in their payments, and thereafter they must make timely payments pursuant to the conciliation agreement, and that if they fail to comply with either condition the Commission has authorized that a civil suit be filed.

(continued)

92040910032

3. Authorize the Office of General Counsel to file a civil suit against the Respondents if they fail to comply with action 2 noted above.

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

Attest:

5-7-92
Date

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

92040910033



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 15, 1992

CLOSED

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

William J. Olson, Esq.
8180 Greensboro Drive
Suite 1070
McLean, Virginia 22102-3823

RE: MUR 3027
Public Affairs Political Committee
and Eugene Delgaudio, as treasurer

Dear Mr. Olson:

This is in response to your letter dated April 3, 1992, in which you request that the Commission grant the Public Affairs Political Committee and Eugene Delgaudio, as treasurer ("your clients") 30 days to resume making civil payments pursuant to the terms of the conciliation agreement in the above-captioned matter.

On May 5, 1992, the Commission considered and rejected that request. The Commission, however, determined to give your clients until June 5, 1992, to become current in their payments. Thereafter, the Respondents must make timely payments in accordance with the terms of the conciliation agreement. The Commission also authorized this Office to file civil suit in the event that Respondents fail to comply with these terms.

Thank you for your cooperation in this matter. If you have any questions please contact Xavier K. McDonnell, at (202) 219-3400.

Sincerely

Lawrence M. Noble
General Counsel

92040910034



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO
THE PUBLIC RECORD IN CLOSED MUR 3027.

6/24/92

92040910160

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

JUN 1 10 48 AM '92

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL COUNSEL

PUBLIC AFFAIRS PAC
6734 Westcott Road
FALLS CHURCH, VIRGINIA 22042
(703) 845-1808

Eugene Delgaudio
Chairman

RE: MUR 3027
public affairs pac

Lawrence M. Noble
General Counsel
Federal Elections Commission
Washington, D.C. 20463

Dear Mr. Noble:

Thank you for your letter of May 15 which I read today. I enclose \$200 in partial payment and as a sign of good faith effort on PA-PAC's part to make payments.

Please examine the recent reports of the committee on file with the Commission. We have little in the way of donations.

Public Affairs PAC is attempting to raise a budget, but as you can see for yourself, there is little in the way of financial activity to report.

We will continue to make payments as possible and will work to raise the balance of the payments. I ask for FEC forbearance on the civil suit.

Thank you.

Sincerely,

Eugene Delgaudio
Chairman

cc: William Olson, attorney

19101604002



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

June 1, 1992

92 JUN -2 AM 10:26

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF SECRETARY/COUNSEL

TWO WAY MEMORANDUM

TO: Virginia Whitted
OGC, Docket

FROM: Philomena Brooks *RB*
Accounting Technician

SUBJECT: Account Determination for Funds Received

We recently received a check from Eugene DePaulis, check number 0093, dated May 28, 1992, and in the amount of \$ 200.00. 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.

TO: Philomena Brooks
Accounting Technician

FROM: Virginia Whitted
OGC, Docket

In reference to the above check in the amount of \$ 200.00, the MUR number is 3027 and in the name of PUBLIC AFFAIRS, PAC. The account into which it should be deposited is indicated below:

☒ Budget Clearing Account (OGC), 95F3875.16

☐ Civil Penalties Account, 95-1099.160

☐ Other: _____

Virginia Whitted
Signature

June 2, 1992
Date

92 JUN 2 10 16 04 02

7 2 0 4 0 9 1 0 1 6 3

0092
88-738/560 --

Pay
to the
order of

Federal Elections Commission

May 28 19 92

\$200.00

Two hundred

Dollars

NationsBank

NationsBank of Virginia, N.A.

For

MUR 3027

Eugene Delgaudio

⑆000092⑆ ⑆056007387⑆ 1011 5231⑆

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF CLERK & COUNSEL
92 JUN -2 AM 10:29



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

☒ Microfilm
☐ Public Records
☐ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO
THE PUBLIC RECORD IN CLOSED MUR 3027.

9/10/92

92040923815

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

AUG 25 11 11 AM '92

WILLIAM J. OLSON, P.C.

ATTORNEYS AT LAW

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TELEPHONE (703) 356-5070

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WILLIAM J. OLSON
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JOHN S. MILES
(D.C., MD., OF COUNSEL)

GILMAN & PANGIA
(OF COUNSEL)

1815 H STREET, N.W.
SUITE 600
WASHINGTON, D.C. 20006-3606
TELEPHONE (202) 277-8000
FAX (202) 331-8000

RECEIVED
FEDERAL ELECTION
COMMISSION
AUG 26 PM 3:38

August 24, 1992

Xavier K. McDonnell, Esquire
General Counsel's Office
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

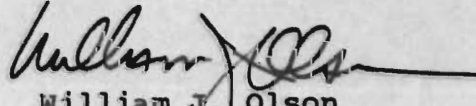
Re: Public Affairs Political Action Committee

Dear Mr. McDonnell:

As you know, our client Public Affairs Political Action Committee had been unable to raise the funds to pay in a timely fashion some of the early installment payments due under the conciliation agreement that it had entered with the Commission at the end of last year.

The total amount of the payments due under the conciliation agreement was \$2,050, and payments of \$250 and \$200 have been made. At this time, our client would like to pay off the past and future balance due, and we are enclosing its check in the amount of \$1,600 made payable to the FEC. Thank you for your assistance in this matter.

Sincerely yours,


William J. Olson

WJO:gw

cc: Mr. Eugene Delgaudio, Treasurer
Public Affairs Political Action Committee

92040923816



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 26, 1992

TWO WAY MEMORANDUM

TO: Virginia Whitted
OGC, Docket

FROM: Philomena Brooks
Accounting Technician

SUBJECT: Account Determination for Funds Received

We recently received a check from Eugene Delgauden, check number 0096, dated August 20, 1992, and in the amount of \$ 1,600.00. 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.

TO: Philomena Brooks
Accounting Technician

FROM: Virginia Whitted
OGC, Docket

In reference to the above check in the amount of \$ 1600.00, the MUR number is 3027 and in the name of PUBLIC AFFAIRS PAC. The account into which it should be deposited is indicated below:

☐ Budget Clearing Account (OGC), 95F3875.16

☒ Civil Penalties Account, 95-1099.160

☐ Other: _____

Virginia Whitted
Signature

August 27, 1992
Date

92 AUG 26 PM 3:38
RECEIVED
OFFICE
FEDERAL ELECTION COMMISSION

92040923817

Folder Copy
OGC 6219

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE
92 AUG 26 PM 3:38

0096
68-738/560

8
Pay to the order of Federal Elections Commission August 20th 1992 \$ 1,600.00
3 One thousand six hundred Dollars

NationsBank

NationsBank of Virginia, N.A.

Att: XAVIER McDONNELL:

9 2 0 4 9
For MUR 3027 PAID IN Full

Eugene Delgand

⑈000096⑈ ⑆056007387⑆ 1011 5231⑈