



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3081

DATE FILMED 3/13/92 CAMERA NO. 3

CAMERAMAN Tina

22040392158

REGULAR MAIL

Practical Grassroots Management

MAY 18 1990

Bluegrass Associates, Inc.

Rt. 2 Box 66 • Allerton, IA 50008 • 515-872-1220

90 MAY 21 AM 11: 10

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

May 18, 1990

Federal Election Commission
ATTENTION: Linda Tangney

Dear Ms. Tangney,

I am writing in regard to the Iovans for Powell file number C00238634. Since receiving a copy of the last report, I have found some serious discrepancies in the debts and obligations portion of that report. Please note I have enclosed copies of those pages in question. I am also enclosing for your files copies of our billings to Iovans for Powell/Rod Powell. These will show the amounts owed and the dates incurred. To this date we are pursuing all avenues in which to collect the amount owed to Bluegrass Associates, Inc.

If you are no longer the analyst for this file or if this is not the correct department for this type of complaint please forward to appropriate person/department. If you have any questions or if I can be of any assistance in this matter, please contact me at 515/ 872-1220 or write to R.R. 2 Box 66, Allerton, IA 50008. Thank you.

Sincerely,

Judith Rinphart
Judith Rinphart

OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
MAY 22 AM 11: 10

90 JUN -6 PM 3: 20

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
COUNSEL

MAY 30 1990

SCHEDULE D
(Revised 3/80)

DEBTS AND OBLIGATIONS
Including Loans

890 MAY 22 AM 11:10
OFFICE OF THE CLERK
U.S. HOUSE OF REPRESENTATIVES
Page 1 of 2
Line Number 22
(Use separate sheets for each numbered line)

Name of Committee (in Full)	Outstanding Balance Beginning This Period	Amount Incurred This Period	Payment This Period	Outstanding Balance at Close of This Period
Iowans for Powell C00238634				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	109.98	47.50	109.98	47.50
Nature of Debt (Purpose):				
Postage Reimbursement				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Iowa Democrat Party 2116 Grand Ave Des Moines, Iowa 50309	375.00	0.00	125.00	250.00
Nature of Debt (Purpose):				
Training expense				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	1,123.94	268.80	800.00	592.74
Nature of Debt (Purpose):				
Telephone reimbursement				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	393.43	493.77	0.00	887.20
Nature of Debt (Purpose):				
Copying/Paper				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	1,128.75	421.34	0.00	1,550.09
Nature of Debt (Purpose):				
Travel expense reimbursement				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	408.21	0.00	0.00	408.21
Nature of Debt (Purpose):				
Data Entry				
1) SUBTOTALS This Period This Page (optional)				3,735.74
2) TOTAL This Period (last page this line only)				
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				

020143098900220

SCHEDULE D
(Revised 2/88)

DEBTS AND OBLIGATIONS
Excluding Loans

Page 1 of 2 for
LINDA HARRISON
Also complete Schedule
for each numbered line

Name of Debtor (in Full)	Outstanding Balance Beginning This Period	Amount Received This Period	Payment This Period	Outstanding Balance at Close of This Period
IOWANS FOR POWELL C00238CJ4				
A. Full Name, Mailing Address and Zip Code of Debtor or Creditor Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	281.02	2.15	0.00	283.17
Nature of Debt (Purpose): Office Supplies				
B. Full Name, Mailing Address and Zip Code of Debtor or Creditor Blue Grass Associates Route 2, Box 66 Allerton, Iowa 50008	2,500.00	0.00 ✓	0.00	2,500.00
Nature of Debt (Purpose): Salary				
C. Full Name, Mailing Address and Zip Code of Debtor or Creditor Mark Tough 209 S Oak #101 Ames, Iowa 50010	97.67	0.00	0.00	97.67
Nature of Debt (Purpose): Supplies				
D. Full Name, Mailing Address and Zip Code of Debtor or Creditor Mark Tough 209 S Oak #101 Ames, Iowa 50010	77.40	0.00	0.00	77.40
Nature of Debt (Purpose): Travel expense				
E. Full Name, Mailing Address and Zip Code of Debtor or Creditor Mark Tough 209 S Oak #101 Ames, Iowa 50010	59.68	0.00	0.00	59.68
Nature of Debt (Purpose): Phone				
F. Full Name, Mailing Address and Zip Code of Debtor or Creditor				
Nature of Debt (Purpose):				
1) SUBTOTALS This Period This Page (optional)				3,017.92
2) TOTAL This Period (last page this line only)				6,753.66
3) TOTAL OUTSTANDING LOANS from Schedule C (last page only)				6,753.66

99013980028

7-13-89

INVOICE

No. 109122

Bluegrass Associates, Inc.
 Rt. 2 Box 66
 Indianola, Iowa 50008

Invoiced for Powell / Red Powell
 Box 66
 Indianola, Iowa 50125

8-1-89 8-8-89 8-8-89

Management Fee and
 Secretarial Services \$2500.00

(Management Fee to
 be paid on finalization)



7-13-89

INVOICE

No. 109121

Bluegrass Associates, Inc.
 Rt. 2 Box 66
 Indianola, Iowa 50008

Invoiced for Powell / Red Powell
 Box 66
 Indianola, Iowa 50125

8-1-89 to 8-13-89

Reimbursable Expense

Paper / Copying	4.06
Postage	22.50
Phone	31.50
Tolls, Mileage, Trise	322.90
	64.50

Terms: Net 30 days,
 1.5% service charge
 on balance over 30 days.

8 8 8 0 0 6

DATE

STATEMENT

NO.

COMPANY

Bluegrass Associates, Inc.
 Rt 2, Box 66
 Allenton, Iowa 50008

BILLED TO

Douglas for Powell / Rod Powell
 Box 606
 Indianola, Iowa 50125

DATE

DESCRIPTION

DEBIT

CREDIT

BALANCE

10/3 Balance, as corrected

10-23

14,681.51

10/5 Payment, 5-19 Exp

33.32

" " Payment, 7-31 Exp

185.54

10/20 Payment, Inv 109124

150.00

10/25 " " Inv 109124

100.00

10/30 " " Inv 109124

24.02

" " " " Inv 109121

50.00

10/31 Invoice # 109130

2500.00

" " Invoice 109132

918.62

" " Invoice 109134

8.47

17,565.72

10-23-89

STATEMENT

NO. 1A

Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

Debit Memo: Refer Statement of 10-23-89

Original Statement
 Total on 10-3-89
 Should have been
 We debit your account

14,574.16
 14,734.16

2360.00

10-23-89

STATEMENT

NO. 1A

Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

Credit Memo RE: Jan 1/09/125
 To: Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

Debit Memo from
 Phung Loan Associates (75.00)

(I apologize for my error!)

10-23-89

STATEMENT

NO.

Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

Phung Loan Associates, Inc.
 Rt. 2, Box 46
 Allenton, Tenn 37008

To Correct Statement of 10-23-89

10-3 Original Total 14,574.16
 10-3 Cr. Memo 1A (75.00)
 Invoice #109/29 22.35
 Debit Memo 1A 362.00
 Corrected Balance
 as of 10-23-89 14,631.11

3 3 9 0 8 6 2 1 0 2 6

DATE 12-13-89

INVOICE

No. 109129

[Redacted]
[Redacted]
[Redacted]

PAID TO
[Redacted]
[Redacted]
[Redacted]

[Redacted]
[Redacted]
[Redacted]
[Redacted]

1.5% Interest statement
dated 5-1-89. Cash payment
received 10-5-89

1.5% Interest statement
dated 7-3-89. Cash payment
received 10-5-89

[Signature]

11.82

10.53
22.35

8771439800330

10-3-89

STATEMENT

NO. 4

TO: Bluegrass Associates, Inc.
Rt. 2, Box 66
Allenton, Tenn 38008

FROM: Lawrence Powell / Rod Powell
Box 606
Indianola, Tenn 38125

DATE	DESCRIPTION	AMOUNT	PAID	BALANCE
5/19	Statement/Retainer	185.00		
5/19	Statement/Expense	821.26	33.92	787.34
7/31	Statement/Expense	887.70	185.54	702.16
9/13	Invoice #109121	614.56		
9/13	Invoice #109122	2500.00		
9/13	Invoice #109123	5000.00		
10/3	Invoice #109124	460.64		
10/3	Invoice #109125	2575.00		
		14,374.16		
		<u>14,734.16</u>		

$787.34 \times 1.5\% = 11.81$
 $702.16 \times 1.5\% = 10.53$
22.34

0 4 7 1 4 3 0 9 0 8 7 0 0 3 9

89

INVOICE

No.109136

Bluegrass Associates Inc.
 Rt 2 Box 66
 Clinton Iowa 52008

Invoice for Parcel / Rpt Parcel
 Box 606
 Indiana Iowa 52008

WATER ORDER NO

SHIPPED VIA

ROA POINT

DATE

PRICE

7/November, 1989

Pages / Copying
 Postage
 Phone
 Mileage (at rate)

8.00
 16.00
 230.15
 189.84
 531.89

DATE 11-30-89

INVOICE

No.109136

Bluegrass Associates Inc.
 Rt 2 Box 66
 Clinton Iowa 52008

Invoice for Parcel / Rpt Parcel
 Box 606
 Indiana Iowa 52008

WATER ORDER NO

SHIPPED VIA

ROA POINT

DATE

PRICE



INVOICE

No.109138

Bluegrass Associates Inc.
Rt 2, Box 66
McClinton, Iowa 50008

TO: James H. Powell
Box 66
Indianola, Iowa 50125

STANDARD ORDER NO. SHIPPED VIA F.O.B. POINT
November 1989

DESCRIPTION	PRICE
Input/typing	110.95
Postage	24.51
Phone	144.16
Fine, Misc., Misc.	47.17
Total	426.79

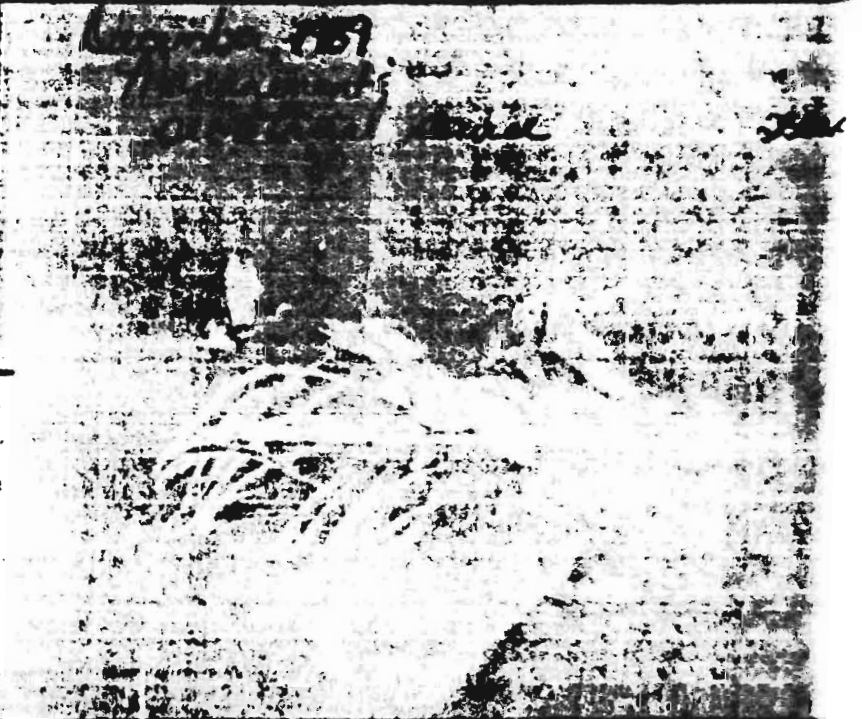
INVOICE

No.109137

Bluegrass Associates Inc.
Rt 2, Box 66
McClinton, Iowa 50008

SOLD TO: James H. Powell / Red Powell
Box 66
Indianola, Iowa 50125

STANDARD ORDER NO. SHIPPED VIA F.O.B. POINT
November 1989



2/1/90

3 3 . 2 4 4 . 4 4 . . .

NO.

COMPANY
Bluegrass Associates, Inc.
Rt 2 Box 66
Allerton, Iowa 51005

PAID TO
Iowa for Powell / Rod Powell
Box 66
Allerton, Iowa 51025-

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
12/30	Balance			2296.00
1/5	ROA		250.00	
1/6	ROA		109.00	
2/1	Iowa # 109139	547.33		
2/1	Iowa # 109140	250.00		
				\$25589.00

1 8 0 0 8

3/9/90

312111111

NO.

COMPANY *Bluegrass Associates Inc*
Rt 2 Box 66
Belleville, Iowa 50008

PAID TO *Rep Powell / Services for Powell*
Box 66
Indianola, Iowa 50125

DESCRIPTION		CHARGES	CREDITS	BALANCE
1/31	Balance.			\$25589.78
2/15	ROA		165 71	
	ROA		100 00	
	ROA		50 00	
	Invoice # 108142	851.44		
	Inv. # 109143	3225.81		
				\$29351.4

000-13980039

290

STATEMENT

DATE
5-2-90

INVOICE

NO.

No. 109148

TO	Bluegrass Associates Inc.
	Box 66
	Alleston Iowa 52008
TO	Quinn for Powell / Rob Powell
	Box 606
	Indianola Iowa 50125

TO	Bluegrass Associates Inc.
	Box 66
	Alleston Iowa 52008
TO	Quinn for Powell / Rob Powell
	Box 606
	Indianola Iowa 50125

DESCRIPTION	CHARGE	CREDIT	BALANCE
Balance 3-9-90			2951.47
-12 ROA	301.00		
27 " "	351.00		
23	101.00		
2 Invoice # 109148			
	564.59		
			\$ 2915.87

Telephone from
2-6-90 to 3-8-90 \$319.50

Commission to det (33.10)
all funds raised \$20.00

\$504.50



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 11, 1990

Judith Rinehart
Bluegrass Associates, Inc.
Rt. 2 Box 66
Allerton, IA 50008

Dear Ms. Rinehart:

This is to acknowledge receipt on June 6, 1990, of your letter dated May 18, 1990. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter did not contain a notarization on your signature and was not properly sworn to.

You must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. A statement by the notary that the complaint was sworn to and subscribed before him/ her will be sufficient. We are sorry for the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

If you have any questions concerning this matter, please contact Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

BY:

Lois G. Lerner
Lois G. Lerner
Associate General Counsel

cc: Respondent

92040392173



FEDERAL ELECTION COMMISSION

WASHINGTON D C 20461

June 11, 1990

**Iovans for Powell
Rod Powell
Box 606
Indianola, IA 50125**

Dear Mr. Powell:

On June 6, 1990, the Federal Election Commission received a letter alleging that Iovans for Powell and you violated sections of the Federal Election Campaign Act of 1971, as amended. As indicated from the copy of the enclosed letter addressed to the complainant, those allegations do not meet certain specified requirements for the proper filing of a complaint. Thus, no action will be taken on this matter unless the allegations are refiled meeting the requirements for a properly filed complaint. If the matter is refiled, you will be notified at that time.

This matter will remain confidential for 15 days to allow for the correction of the defects. If the defects are not cured and the allegations are not refiled, no additional notification will be provided and the file will be closed.

If you have any questions, please call Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner

BY: Lois G. Lerner
Associate General Counsel

Enclosures

Copy of Improper Complaint
Copy of letter to the Complainant

actical Grassroots Management
Bluegrass Associates, Inc.

Rt. 2 Box 66 • Allerton, IA 50008 • 515-872-1220

06C 6681
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JUN 22 AM 9:32

mur 3081

June 19, 1990

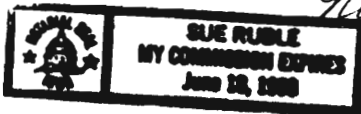
Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, D.C. 20463

Dear Sir,

This is in response to your letter dated June 11, 1990. I hereby acknowledge and swear before this notary that the contents of my complaint dated May 18, 1990 are true and accountable.

Sincerely,

Judith Rinehart
Judith Rinehart



Sue Riddle
Notary in and for State of Iowa, County
of Wayne, Iowa

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
WASHINGTON, D.C. 20463
90 JUN 22 AM 10:22

5
2
1
2
3
4
0
3
6
2
1
7





FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

July 2, 1990

Judith Rinehart
Bluegrass Associates, Inc.
Route 2 Box 66
Allerton, IA 50008

RE: MUR 3081

Dear Ms. Rinehart:

This letter acknowledges receipt on June 22, 1990, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by Iovans for Powell, M. Craig McIntyre, as treasurer and Rodney H. Powell. 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 3081. 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

22540392176



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 2, 1990

M. Craig McIntyre, Treasurer
Iovans for Powell
P.O. Box 606
Indianola, IA 50125

RE: MUR 3081

Dear Mr. McIntyre:

The Federal Election Commission received a complaint which alleges that Iovans for Powell 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 3081. 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 you 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 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

204082177

If you have any questions, please contact Craig Reffner, the attorney 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. Derner
Associate General Counsel

Enclosures

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

cc: Rodney H. Powell
203 80th Avenue
Norwalk, IA 50211

0040392178

06C 7064
RECEIVED
FEDERAL ELECTION COMMISSION
90 JUL 26 AM 9:27

POWELL
for Congress, 1990
5th District, Democrat

HAND DELIVERED

July 23, 1990

Ms. Lois G. Lerner
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3081

Dear Ms. Lerner:

This will acknowledge receipt of your letter dated July 2, 1990, on July 9, 1990. I have carefully reviewed the complaint submitted by Judith Rinehart as well as her supporting documentation. No action should be taken against me or Iowans For Powell. Mrs. Rinehart has failed to submit to you the underlying contract between Iowans For Powell and Bluegrass Associates. A copy of that contract is attached to my enclosed affidavit as an exhibit. This contract was executed in counterparts by Iowans For Powell and by Bluegrass Associates.

The contract is clear where it states at section III.A. that "Compensation due and owing from Powell to Bluegrass shall be based upon the fundraising receipts received by Powell." Section III.B.1. provides that "Those amounts up to the computed amount of compensation which Powell does not pay to Bluegrass because of insufficient fundraising receipts shall be noted separately as a supplemental reimbursement amount which shall become due and owing when there are sufficient fundraising receipts. Should there not be sufficient fundraising receipts to fully retire the supplemental reimbursement amount by December 15, 1990, then Bluegrass and Powell agree to negotiate a repayment schedule at that time in accordance with the terms and spirit of this Personal Services Contract." Further, section III.B.4. provides: "All Bluegrass claims to the date of this contract are merged into the 'supplemental reimbursement amount' terms of this contract. Said amounts and claims shall not be due until paid by Powell in accordance with section III.B.1. of this contract." The Personal Services Contract was effective on December 1, 1989. Even a cursory review of the FEC reports filed by the campaign will show that there were insufficient fundraising receipts to meet the compensation schedule set forth in section III.B. of the contract.

RECEIVED
FEDERAL ELECTION COMMISSION
90 JUL 26 AM 11:41

6212680400

Ms. Lois G. Lerner
July 23, 1990
Page 2

Under the terms of the Personal Services Contract with Bluegrass, the parties made an agreement to negotiate an expenditure at a later date, but not to make an expenditure at that time. As 11CFR Sec. 10.8(a)(2) provides, "A written contract, . . . promise, or agreement to make an expenditure as of the date such contract, promise or obligation is made." (Emphasis added) Neither the statute nor the Code of Federal Regulations governing the FEC defines a campaign debt. However, in Black's Law Dictionary, "debt" is defined as "A sum of money due by certain and express agreement. . . where the amount is fixed and specific, and does not depend upon any subsequent valuation to settle it." BLACK'S LAW DICTIONARY 490 (4th Ed. 1968) Iowans For Powell and Bluegrass terminated the payment portion of its contractual relationship on or about March 8, 1990. Since that time, Iowans For Powell has been attempting to negotiate with Bluegrass Associates regarding how much will become due and owing under the contract on December 15, 1990. Iowans For Powell has asserted several breach of contract allegations against Bluegrass. Until July 18, 1990, Bluegrass Associates had refused to negotiate how much would become due under the contract or the allegations of breach by Iowans For Powell. Clearly, there will be some subsequent valuation to determine how much will become due and owing to Bluegrass Associates on December 15, 1990.

Ironically, the FEC report prepared and filed by Iowans For Powell on or about January 31, 1990, was prepared for my signature by Judith Rinehart in her capacity as budget director under the terms of Part III of Schedule A of the contract. That report only contained one listing for "salary," apparently as the "minimum fee prior to contract finalization" referenced on her September 13, 1989, statement. That evidenced a clear understanding on the part of Bluegrass Associates that the amounts which they now allege were due prior to that date would not, in fact, become subject to negotiation until December 15, 1990. It is incredible that they are now claiming that I made an error for simply following the format which Mrs. Rinehart had earlier established.

Ms. Lois G. Lerner
July 23, 1990
Page 3

There has been no intent on the part of myself or Iowans For Powell to willfully or knowingly violate any terms of the Federal Election Campaign Act of 1971. Although it is the position of Iowans For Powell that the amounts which Judith Rinehart now claims were not properly listed were, in fact, properly listed because they were not yet due and owing and had not yet become expenditures, Iowans For Powell will list those amounts if requested by the Federal Elections Commission. Iowans For Powell has and will make every good faith effort to comply with the statute.

Please feel free to contact me at your earliest convenience should you wish to discuss this matter further or receive further materials.

Very truly yours,

M. Craig McIntyre

M. Craig McIntyre

Enclosures

13124002

FEDERAL ELECTION COMMISSION

BLUEGRASS ASSOCIATES, INC.,	)	
Complainant,	)	
	)	
v.	)	MUR 3081
	)	
M. CRAIG MCINTYRE and	)	
IOWANS FOR POWELL,	)	
Respondents.	)	

Affidavit of M. Craig McIntyre

COMES NOW, M. Craig McIntyre, being first duly sworn and upon his oath states as follows:

1. I am M. Craig McIntyre and I am Treasurer of Iowans For Powell.

2. Attached hereto is a Personal Services Contract dated December 28, 1989, by and between Iowans For Powell and Bluegrass Associates which was executed in counterparts by Iowans For Powell and Bluegrass Associates. That attachment has been marked as Exhibit A and by this reference is incorporated herein.

3. Judith Rinehart, in fulfillment of her responsibilities as budget director for the campaign, prepared the FEC report for my signature which was filed on or about January 31, 1990. Since that time I have been simply following the format which she set forth in that FEC report. It is my understanding that the only amounts which she is disputing are those listed as "salary". These were amounts which she claims were due as compensation for professional services under the Personal Services Contract.

4. All amounts which have been billed to the campaign as expenses by Bluegrass have been listed in the FEC report. To the

best of my knowledge, those expenses have all been listed even though some of those expenses have been and will be disputed.

5. There is presently a dispute as to the amounts, if any, which will be subject to negotiation from Iowans For Powell to Bluegrass Associates for management services.

6. Until on or about July 18, 1990, Bluegrass Associates had refused to negotiate or enter into mediation regarding the amounts of the valuation of those amounts which it claims were due and owing.

7. It is my understanding that amounts due from Iowans For Powell to Bluegrass Associates were based on the fundraising receipts and that if there were insufficient net receipts, that the compensation was to be adjusted accordingly.

M. Craig McIntyre
M. Craig McIntyre

Sworn and subscribed this 23rd day of July, 1990.

Karen Andrews
NOTARY PUBLIC IN AND FOR
THE STATE OF IOWA



o/c Dave/Judy
12/28/89

PERSONAL SERVICES CONTRACT

I. PARTIES: Iowans for Powell (hereafter, Powell) and Bluegrass Associates, Inc. (hereafter, Bluegrass) have entered into this Personal Services Contract on this 28th day of December, 1989. This Personal Services Contract shall be considered effective December 1, 1989. Nothing contained herein shall be construed to create an employer-employee relationship.

II. SERVICES:

A. SCHEDULE "A": Bluegrass agrees to provide to Powell certain campaign management services and hire such personnel as may be necessary in support of the candidacy of Rodney H. Powell (hereafter, the Candidate) for the U.S. House of Representatives Congressional seat for Iowa's Fifth Congressional District for the November 1990 general election (hereafter, the Campaign). The services are more specifically described in Schedule A attached to this contract and by this reference incorporated herein.

B. RISK: Powell and Bluegrass acknowledge and understand that the campaign contemplated herein represents a high degree of risk and they are fully capable of evaluating the risk involved. Bluegrass further acknowledges and

121989-1

EXHIBIT A

92040392134

understands that it may be necessary for the Candidate and his spouse to engage in their occupations on at least a part-time basis during the pendency of this campaign.

- C. BEST EFFORTS: Bluegrass and Powell agree that they will at all times faithfully, industriously, efficiently, and to the best of their ability and talents perform all of the services and duties which are or may be required of them under the terms of this Personal Services Contract.

III. COMPENSATION:

- A. BASIS: Compensation due and owing from Powell to Bluegrass shall be based upon the fundraising receipts received by Powell.
- B. COMPENSATION SCHEDULE: The compensation schedule shall be as follows:
1. Two thousand five hundred dollars (\$2,500.00) base compensation each calendar month, provided there have been net receipts received by Powell of at least two thousand five hundred dollars (\$2,500.00) by the last day of the previous calendar month. If

22040392165

RHP Should there not be sufficient fundraising receipts to fully retire the supplemental reimbursement amount by December 15, 1990, then Bluegrass and Powell agree to negotiate a repayment schedule at that time in accordance with the terms and spirit of this Personal Services Contract.

there have not been at least two thousand five hundred dollars (\$2,500.00) in net receipts, then the compensation due and owing from Powell to Bluegrass shall be adjusted accordingly. Those amounts up to the computed amount of compensation which Powell does not pay to Bluegrass because of insufficient fundraising receipts shall be noted separately as a supplemental reimbursement amount which shall become due and owing when there are sufficient fundraising receipts. *[Signature]* Powell agrees to pay towards said supplemental amounts up to fifty percent (50%) of the net receipts each month. When Bluegrass hires a field director, then the base compensation contemplated herein shall be increased to three thousand dollars (\$ 3,000).

- a. Bluegrass shall receive a bonus of five percent (5%) of all gross receipts for amounts received by Powell up to five thousand dollars (\$5,000.00) during the applicable calendar month.
- b. Bluegrass shall receive a bonus of nine percent (9%) of all gross receipts for amounts between five thousand dollars (\$5,000.00) and fifteen thousand dollars (\$15,000.00) which have been received by Powell during the applicable calendar month.

c. Bluegrass shall receive a bonus of eight percent (8%) of all gross receipts for amounts between fifteen thousand dollars (\$15,000) and twenty five thousand dollars (\$25,000.00) which have been received by Powell during the applicable calendar month.

d. Bluegrass shall receive a bonus of seven percent (7%) of all gross receipts for amounts in excess of twenty five thousand dollars (\$25,000.00) which have been received by Powell during the applicable calendar month.

e. Bluegrass shall receive a Victory Bonus of ten thousand dollars (\$10,000.00) if the Candidate wins election to the U.S. House of Representatives in the 1990 general election and the expenses incurred by Powell do not exceed gross receipts. The date for determining said accounting shall be December 15, 1990. The provisions of paragraph III C below shall not apply if a Victory Bonus is due. Said Victory Bonus shall be due and

owing on or before June 1, 1991. No interest shall be due or accrue during said period.

f. Bluegrass shall receive the compensation herein contemplated regardless of the number of hours Bluegrass employees or agents may work. However, it is contemplated by the parties that Bluegrass agents and employees who are hired or retained by Bluegrass to work full-time shall devote, at a minimum, 40 hours per week to the campaign.

4. All Bluegrass claims to the date of this contract are merged into the "supplemental reimbursement amount" terms of this contract. Said amounts and claims shall not be due until paid by Powell in accordance with Section III. B.1. of this contract.

C. COMPENSATION LIMITATION: At no time shall any compensation due hereunder exceed moneys in the Powell bank accounts maintained at the Warren County Brenton Bank after deductions for outstanding expenses incurred during that calendar month.

92040392109

D. DEFINITIONS:

1. NET RECEIPTS: "Net receipts" is defined as all cash, paid checks, and money orders received by the Powell Treasurer after the payment of campaign expenses by Powell. Net receipts shall not include in-kind donations, fundraising commissions earned by fundraisers other than those employed by Bluegrass, expense reimbursement due from Powell to the Candidate, loans to Powell, and pledges or promises of receipts to Powell.
2. GROSS RECEIPTS: Gross receipts is defined as all cash, paid checks, and money orders received by the Powell Treasurer. Gross receipts shall not include in-kind donations, fundraising commissions earned by fundraisers other than those employed by Bluegrass, loans to Powell, and pledges or promises of receipts to Powell.

- E. CANDIDATE ACTIVITY: Powell and Bluegrass will ensure that the Candidate averages at least twenty-one (21) hours per week on activities directly related to fundraising.

F. REVISION: Should any of the services initially contracted for in Schedule A be renegotiated, then Section III may be revised accordingly.

IV. EXPENSES: Powell agrees to reimburse Bluegrass for the reasonable and necessary expenses of its agents and employees in the performance of the services contemplated in "Schedule A."

A. MILEAGE RATE: Mileage shall be reimbursed at 20 cents per mile. Powell reserved the right to impose at a later time a limitation on the number of miles which may be reimbursed to Bluegrass, its employees and agents.

B. TRAINING: Other than the Democratic Midwest Campaign Training Academy held July 27-29, 1989, in Indianola, Iowa, Powell will not reimburse any expenses or registration fees or expenses for any agents or employees of Bluegrass to attend any conference, seminar, or institute, unless specifically authorized in writing by the Candidate.

C. PROFESSIONAL DUES: Powell shall not pay any professional dues of Bluegrass, its employees and agents.

92040892191

D. MAXIMUM TRAVEL EXPENSES: The maximum reimbursable amounts shall be as follows:

1. Breakfast: \$3.00;
2. Lunch: \$5.00;
3. Dinner: \$10.00;
4. Hotel/Motel Single Room: \$25.00 per night;
5. Hotel/Motel double occupancy room: \$35.00 per night;
6. Hotel/Motel single occupancy room (Washington, D.C. only): Full reimbursement with Candidate written approval.
7. Hotel/Motel double occupancy room (Washington, D.C. only): Full reimbursement with Candidate written approval.
8. Bluegrass, its agents and employees, shall be expected to use donated rooms in the homes of Powell supporters whenever possible.
9. Bluegrass, its agents and employees, shall only receive reimbursement for those personnel whose travel was absolutely essential to the purpose of the travel.

E. All campaign expenses other than travel and mileage expense incurred on or after December 1, 1989, must be

submitted to the Treasurer for reimbursement or payment upon the proper designated forms with the original vendor receipts or copies of the original vendor receipts within five business days of receipt by Bluegrass.

G. All travel and mileage expense, shall be submitted to the Powell Treasurer on designated forms within five business days after the end of each calendar month beginning with October 1989. The failure to submit said forms shall constitute waiver of any amounts due and owing as expense reimbursement.

H. APPROVAL: Whenever possible, Bluegrass agents and employees shall secure the advance written approval of the Candidate, or in the absence of the Candidate, of the Treasurer, for all travel expenses and other expenses which exceed \$500.00. All expenses or more than \$10.00, but less than \$500.00 shall have the advance written approval of the president of Bluegrass.

V. PROPRIETARY INFORMATION AND MATERIALS:

A. MATERIALS: All written materials, computer software packages purchases for the use of Bluegrass by Powell, information stored on the computer discs, supporter lists, equipment and manuals purchased for the use of

Bluegrass by Powell, video and audio tapes purchased for the use of Bluegrass by Powell, and other materials provided by Powell to Bluegrass shall be the exclusive property of Powell and shall be promptly returned to Powell upon request or upon the termination of this, Personal Services Contract. Bluegrass shall provide a list and inventory of all such items in its possession to the Candidate by January 1, 1990, and shall update said list on a monthly basis thereafter.

- 9204089213
- B. CONFIDENTIALITY: Bluegrass and Powell shall protect and maintain the confidentiality of the financial records and trade secrets of Powell, Bluegrass, the Campaign, and the Candidate, except as are required to be disclosed by law.
- C. NON-COMPETITION: Bluegrass agrees that it, its agents and employees will not participate or give any counsel or advice whatsoever to any campaign whatsoever until January 1, 1993, which in any way supports the candidacy of any person running against, or considering running against, the Candidate who is an incumbent or who has announced as a candidate for election to any elective office. Each agent and employee of Bluegrass shall be required to execute the agreement contained in "Schedule B" to this agreement.

22040892194

VI. FISCAL MANAGEMENT: Bluegrass shall provide the services set forth in Part II and Schedule A of this Personal Services Contract in a fiscally prudent fashion, to wit: on and after the date of this contract, Bluegrass shall not financially commit Powell to expenditures greater than the funds maintained in the campaign account at the Warren County Brenton Bank or to expenditures which cannot be reasonably anticipated to be deposited in said account.

VII. BLUEGRASS AGENTS AND EMPLOYEES:

- A. Because of the close and intimate nature of the relationship between Bluegrass and Powell, the hiring, retention and dismissal of all Bluegrass agents and employees having any connection whatsoever to the campaign shall be subject to the advice, consent, and written approval of the Candidate.
- B. The structure and personnel assignments of Bluegrass as they pertain to the Campaign shall be subject to the approval of the Candidate.
- C. Bluegrass shall be responsible for the withholding and payment of all income taxes, social security taxes or other deductions from the wages of Bluegrass employees and agents.

D. Bluegrass shall maintain its office(s) at such location(s) as may be designated by Powell. If offices are maintained at locations other than rural Allerton, Iowa, then Powell shall be responsible for any rents or other expenses related to maintaining and operating said offices. Bluegrass shall not commit Powell to maintaining and operating said other offices without the express written consent of Powell.

VIII. VENUE: Bluegrass and Powell stipulate and agree that venue for any action arising under this contract shall be in the Iowa District Court for Polk County.

IX. OVERSIGHT AND MONITORING: All Powell campaign files and databases maintained and possessed by Bluegrass shall open for periodic review by the Candidate or his agents.

X. ASSIGNMENT OF CONTRACT: The rights and duties of the Parties under this Personal Services Contract shall not be assigned by either Party.

XI. INDEMNIFICATION: Bluegrass and Powell agree to indemnify and hold each other harmless for any injuries whatsoever which may either intentionally or negligently be inflicted by their employees and agents while performing services under and pursuant to this Personal Services Contract.

XII. TERMINATION: This Personal Services Contract shall be terminable at will by either party upon written notice and upon such terms as maybe mutually agreed upon.

XIII. ENTIRE AGREEMENT: This Personal Services Contract contains the entire understanding of the Parties and is intended as the final expression of their agreement! The parties acknowledge that they have read this contract, understand it, and agree to be bound by its terms and conditions. The Parties agree that this Personal Services Contract supersedes all proposals and prior agreements, written or oral, and all other communications between the Parties.

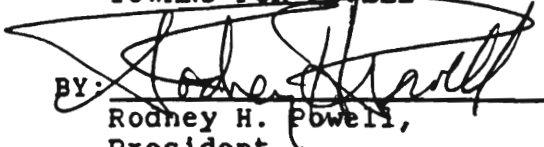
XIV. SEVERABILITY: It is understood and agreed between the Parties that if any part, term, or provision of this contract is held by the courts or any arbitrator to be illegal or in conflict with any law, the validity of the remaining portions or provision shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Contract did not contain the particular part, term, or provision held to be invalid.

BLUEGRASS ASSOCIATES, INC.

BY: _____
F. David Rinehart, President

BY: _____
Judith Rinehart
Secretary/Treasurer

IOWANS FOR POWELL

BY: 
Rodney H. Powell,
President

Executed per T/C 12/28/89

SCHEDULE A

CAMPAIGN MANAGEMENT SERVICES

1. Bluegrass will provide the following services with necessary and appropriate staff to Powell:
 - a. Overall management
 - b. Fundraising;
 - c. Budget Management and Analysis;
 - d. Field Coordination;
 - e. Scheduling;
 - f. Computer Entry Analysis (except as may be otherwise separately negotiated);
 - g. The necessary secretarial and clerical support services;
 - h. Such campaign offices and facilities as may be necessary at rural route Allerton, Iowa.

2. Overall Management

Bluegrass shall designate a Campaign Manger who shall:

- a. Develop the campaign plan organization, finance plan, and such time lines as may be necessary;
- b. Manage and conduct the day-to-day business and affairs of Powell;
- c. Be responsible for all fundraising and budget management activities;

- 92040892123
- d. Monitor and direct the activities of all campaign activities and committees;
 - e. Be responsible for campaign public relations activities if a campaign press secretary is not available;
 - f. Supervise the production of all materials produced for Powell;
 - g. Communicate the status of all campaign activities on a regular basis with the Candidate;
 - h. Establish election goals and objectives for field operations;
 - i. Conduct such training seminars as may be necessary;
 - j. Hire, train, and supervise -- with the advice, consent, and written approval of the Candidate -- such personnel as may be necessary to provide the services contemplated herein;
 - k. Act as the liaison between Powell and Democratic Party personnel and programs;
 - l. Ensure that all reports required by state or federal law, other than those completed by the Treasurer, are filed in a timely and accurate fashion;
 - m. Provide such reports as may be requested by Powell or the Candidate;

- 92040892199
- n. Delegate such authority as may be necessary;
 - o. Develop the campaign plan organization, finance plan, and such time lines as may be necessary;
 - p. Conduct and analyze opposition research;
 - q. Provide such computer analysis and computer support services - unless otherwise designated - as may be necessary and prudent to the Campaign;
 - r. Provide such other services, including secretarial services, as may from time to time be requested;
 - s. Supervise and be responsible for the preparation, distribution, and utilization of all campaign materials.
 - t. Perform such other functions as may be requested by the Candidate from time to time.

II. FUNDRAISING:

- A. Develop a written fundraising plan for the approval of the Candidate.
- B. Develop, implement, and coordinate all campaign fundraising, including but not limited to:
 - 1. A major donor fundraising program;
 - 2. A PAC fundraising program;

3. Fundraising events and activities such as, but not limited to, coffees, receptions, dinners, auctions, "steak frys", and promotional items;

4. Direct mail solicitations from all sources; and

5. Such other fundraising programs as may be necessary or desirable.

C. Develop Campaign Finance Committees and work with said committees in all necessary and reasonable ways.

D. All Campaign contributions to Powell which are delivered to Bluegrass shall be forwarded to the Powell Treasurer within one day for deposit in the Powell bank account maintained at the Warren County Brenton Bank.

III. BUDGET MANAGEMENT AND ANALYSIS:

A. Develop and implement, in coordination with the Powell Treasurer, a budget management system to ensure the timely and accurate payment of campaign expenses and posting of accounts.

B. Ensure that campaign expenses do not exceed campaign income.

C. Provide such financial reports as may be necessary or may be requested by Powell.

92040892201

IV. FIELD COORDINATION:

- A. Develop and implement a field program, with such regional offices as may be necessary, to ensure the election of the Candidate.
- B. The field program shall include, but not be limited to, the coordination of volunteers, providing driver/aides to the Candidate if not otherwise available, identifying Powell supporters, and otherwise coordinating all efforts to secure the election of the Candidate.

V. SCHEDULING:

- A. Coordinate the schedules of the Candidate, the Candidate's spouse, and surrogates to ensure the most efficient use of time available to ensure the election of the Candidate.
- B. Do all necessary telephoning, correspondence, and other communications to ensure the effective, efficient performance of the scheduling function.
- C. Ensure that appropriate advance media and post-event media has taken place in cooperation with the Press Secretary.

SCHEDULE B

NONCOMPETITION AGREEMENT

_____ agrees that until January 1, 1993, that he/she will not participate in any political campaign or give counsel or advice to any political campaign or candidate which in any way supports the candidacy of any person running against, or considering running against, the Candidate who is an incumbent or who has announced as a candidate for election to any elective office.

In the event of violation by _____ of this agreement against competition, _____ will pay as liquidated damages to Powell the sum of Two hundred fifty Dollars (\$250.00) per day, for each day or part thereof that _____ breaks such agreement. It is recognized and agreed that damages in such event would be difficult or impossible to ascertain, though great and irreparable, and that this agreement with respect to liquidated damages shall in no event disentitle Powell to injunctive relief.

Signed

Date

SENSITIVE

91 JAN -2 AM 8:52

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

FIRST GENERAL COUNSEL'S REPORT

MUR: # 3081
DATE COMPLAINT RECEIVED
BY OGC: June 22, 1990
DATE OF NOTIFICATION TO
RESPONDENTS: July 2, 1990
STAFF MEMBER: Craig D. Reffner

COMPLAINANT: Judith Reinhart on behalf of
Bluegrass Associates, Inc.

RESPONDENTS: Iowans for Powell and
M. Craig McIntyre, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 434(b)(8)
11 C.F.R. § 104.3(d)
11 C.F.R. § 104.11

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was initiated by a complaint from Bluegrass Associates, Inc., ("Bluegrass") alleging that Iowans for Powell, the authorized campaign committee for Rodney H. Powell, a 1990 candidate in Iowa's Fifth Congressional District, misrepresented on Disclosure Reports the total amount of debt owed to Bluegrass. A response was received from Iowans for Powell and M. Craig McIntyre, as treasurer (collectively known as the "Committee"), denying the complainant's allegations and requesting that the Commission take no action. See Attachment A.

II. FACTUAL AND LEGAL ANALYSIS

A. Statement of the Law

Pursuant to 2 U.S.C. § 434(b)(8), committees are required to disclose the amount and nature of all outstanding debts and obligations owed by or to the committee. See 11 C.F.R. § 104.3(d). The Commission's regulations further provide that debts and obligations owed by a political committee which remain outstanding shall be continuously reported until extinguished. 11 C.F.R. § 104.11. See, e.g., AO 1988-44. Moreover, the debt or obligation should be reported "as of the time of the transaction." 11 C.F.R. § 104.11(b)(1989).¹ See MUR 2521. The Commission has also required disclosure of a disputed debt 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. See AO 1976-85. Finally, the Commission has long held that state law governs whether an alleged debt in fact exists, what the amount of a debt is and which persons or entities are responsible for paying a debt. See AO 1989-2 (citing AO 1975-102).

B. Factual Background and Analysis

The complainant claims that the Committee has not fully

1. Section 104.11(b) of the Commission's Regulation's was revised in October 1990 to provide that debts exceeding \$500 should be reported as of the date the debt or obligation is incurred, except that any obligation incurred for rent, salary or other regularly reoccurring administrative expense shall not be reported as a debt before the payment due date. 11 C.F.R. § 104.11(b)(October 3, 1990). See 55 Fed. Reg. 26,378, 26,385. (June 27, 1990).

disclosed the amount of debt owed to Bluegrass. Copies of invoices and billing statements, which were apparently submitted to the Committee by Bluegrass, were attached to the complaint. The latest invoice, dated June 2, 1990, purportedly shows a total amount of debt owed to Bluegrass of \$29,165.86.

92040892205

In response to the complaint, the Committee asserts that the debt in question is not yet "due and owing," and as such there is no obligation to report the amount due. Attachment A at 1-3. In support of this assertion, the Committee included in its response the affidavit of M. Craig McIntyre, the Committee's treasurer, and a copy of a "PERSONAL SERVICES CONTRACT," purportedly entered into between Bluegrass and the Committee on December 28, 1989, as evidence of a written contract. Id. at 4-5 (affidavit) and 6-24 (contract).² According to the Committee's interpretation of the "underlying contract," Bluegrass would receive \$2,500 monthly as base pay for its services provided there were sufficient net fundraising receipts received by the Committee by the last day of the previous calendar month. Id. at 1-2. If there were insufficient fundraising receipts, then the amount owed for services would not become due and owing until December 15, 1990, and, on that

2. A review of the "PERSONAL SERVICES CONTRACT" submitted by the Committee shows that it consists of nineteen (19) pages, including an itemized schedule of "CAMPAIGN MANAGEMENT SERVICES" and a "COMPENSATION SCHEDULE." Attachment A at 6-24. The contract, which states that it "shall be considered effective December 1, 1989," contains margin notations and is signed only by Rodney H. Powell in his capacity as President of Iowans for Powell. Id. at 8 and 18. The Committee asserts that the contract in question was executed by Iowans for Powell and by Bluegrass Associates. Id. at 1.

date, the total amount due would be negotiated. Id. The Committee asserts that a review of Disclosure Reports filed with the Commission clearly shows that there were insufficient fundraising receipts during the period in question and as such, under the terms of the contract, no reportable debt existed. Id. at 1.³

To the extent that the Committee argues that it need not report the debt owed to Bluegrass for services, its argument must fail. First, it is currently unclear whether the services contract was formally entered into by both parties since the copy presented bears handwritten changes relating to the very issue raised in the complaint and bears only the signature of the candidate. Second, it appears that the Committee received invoices from Bluegrass with the latest invoice, dated June 2, 1990, requesting payment of \$29,165.86. The Committee's 1990 July Quarterly Report, covering the reporting period for June 1990, and the Committee's latest Disclosure Report, the 1990 12 Day Pre-Primary Report, show that only \$6,683.30 was reported by the Committee as outstanding debt owed to Bluegrass. Consistent with prior Commission determinations, it appears that the Committee should have disclosed the full amount of debt claimed by Bluegrass on the June 2, 1990 invoice regardless of whether the debt was disputed. Accordingly, this Office recommends that the Commission find reason to believe that Iowans for Powell and

3. Under the "contract," Bluegrass was apparently to be paid for its expenses without regard to fundraising receipts. The Committee has apparently reported as debts, all unpaid invoices for such non-service related expenses.

92040892206

M. Craig McIntyre, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11.

III. RECOMMENDATIONS

1. Find reason to believe that Iowans for Powell and M. Craig McIntyre, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11.

2. Approve the attached Factual and Legal Analysis and the appropriate letter.

Lawrence M. Noble
General Counsel

12.28.90
Date

BY:

L. G. Berner
Lois G. Berner
Associate General Counsel

Attachments

- A. Committee's Response
- B. Proposed Factual and Legal Analysis

92040892207



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

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

DATE: JANUARY 9, 1991

SUBJECT: MUR 3081 - FIRST GENERAL COUNSEL'S REPORT
DATED DECEMBER 28, 1990

The above-captioned document was circulated to the
Commission on Wed., January 2, 1991 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	<u>XXX</u>
Commissioner Josefiak	_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for TUESDAY, JANUARY 15, 1991.

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

92040892208

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Iowans for Powell and M. Craig) MUR 3081
McIntyre, as treasurer.)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 17, 1991, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3081:

1. Find reason to believe that Iowans for Powell and M. Craig McIntyre, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11.
2. Approve the Factual and Legal Analysis and the appropriate letter as recommended in the General Counsel's report signed December 28, 1990.

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

Attest:

Jan. 23, 1991
Date

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

92040892209



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 12, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

M. Craig McIntyre, Treasurer
Iowans for Powell
P. O. Box 66
Indianola, Iowa 50125

RE: MUR 3081
Iowans for Powell and
M. Craig McIntyre, as treasurer

Dear Mr. McIntyre:

On July 2, 1990, the Federal Election Commission notified Iowans for Powell ("Committee") and you, 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 enclosed with that notification.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on January 17, 1990, found that there is reason to believe the Committee and you, as treasurer, violated 2 U.S.C. § 434(b)(8), a provision of the Act, and 11 C.F.R. §§ 104.3 and 104.11, provisions of the Commission's regulations. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order. If you intend to be represented by counsel, 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 notification or other communications from the Commission.

92040892210

M. Craig McIntyre, Treasurer
Iowans for Powell
Page 2

In the absence of any additional information which demonstrates that no further action should be taken against the Committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

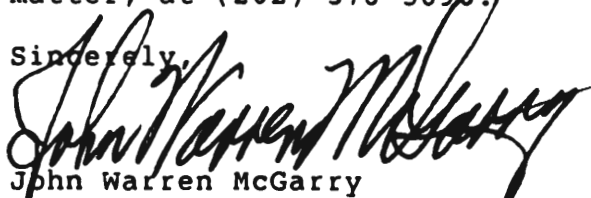
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable 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 Craig Reffner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,


John Warren McGarry
Chairman

Enclosures

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

92040892211

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)

MUR 3081

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: M. Craig McIntyre, Treasurer
Iowans for Powell
P. O. Box 66
Indianola, Iowa 50125

92040892212

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, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

M. Craig McIntyre, Treasurer
Iowans for Powell
Page 2

INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from September 27, 1989 to the present.

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

204089213

DEFINITIONS

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

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

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

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

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

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

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

M. Craig McIntyre, Treasurer
Iowans for Powell
Page 4

**INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

1. Produce copies of all invoices that you have received from Bluegrass Associates, Inc., and identify the date that each invoice was submitted.

2. State whether there is a copy of a Personal Services Contract between you and Bluegrass Associates, Inc., which is signed and executed by both parties.

3. What, if anything, has occurred with respect to negotiating a repayment schedule for any amount of compensation which you may not have been able to pay Bluegrass Associates, Inc., because of insufficient fundraising receipts? State the terms of any repayment schedule, including the total amount of debt that is to be paid.

4. Produce all documents that support or relate to your responses in the above questions.

92040892215

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Iowans for Powell
and M. Craig McIntyre,
as treasurer

MUR 3081

I. GENERATION OF MATTER

This matter was initiated by a complaint from Bluegrass Associates, Inc., ("Bluegrass") alleging that Iowans for Powell, the authorized campaign committee for Rodney H. Powell, a 1990 candidate in Iowa's Fifth Congressional District, misrepresented on Disclosure Reports the total amount of debt owed to Bluegrass. A response was received from Iowans for Powell and M. Craig McIntyre, as treasurer (collectively known as the "Committee"), denying the complainant's allegations and requesting that the Commission take no action.

II. FACTUAL AND LEGAL ANALYSIS

A. Statement of the Law

Pursuant to 2 U.S.C. § 434(b)(8), committees are required to disclose the amount and nature of all outstanding debts and obligations owed by or to the committee. See 11 C.F.R. § 104.3(d). The Commission's regulations further provide that debts and obligations owed by a political committee which remain outstanding shall be continuously reported until extinguished. 11 C.F.R. § 104.11. See, e.g., AO 1988-44. Moreover, the debt or obligation should be reported "as of the time of the transaction," when the invoice for the amount due is received.

12040892216

11 C.F.R. § 104.11(b)(1989).¹ See MUR 2521. The Commission has also required disclosure of a disputed debt 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. See AO 1976-85. Finally, the Commission has long held that state law governs whether an alleged debt in fact exists, what the amount of a debt is and which persons or entities are responsible for paying a debt. See AO 1989-2 (citing AO 1975-102).

B. Factual Background and Analysis

The complainant claims that the Committee has not fully disclosed the amount of debt owed to Bluegrass. Copies of invoices and billing statements, which were apparently submitted to the Committee by Bluegrass, were attached to the complaint. The latest invoice, dated June 2, 1990, purportedly shows a total amount of debt owed to Bluegrass of \$29,165.86.

In response to the complaint, the Committee asserts that the debt in question is not yet "due and owing," and as such there is no obligation to report the amount due. In support of this assertion, the Committee included in its response the affidavit of M. Craig McIntyre, the Committee's treasurer, and a copy of a "PERSONAL SERVICES CONTRACT," purportedly entered into

1. Section 104.11(b) of the Commission's Regulation's was revised in October 1990 to provide that debts exceeding \$500 should be reported as of the date the debt or obligation is incurred, except that any obligation incurred for rent, salary or other regularly reoccurring administrative expense shall not be reported as a debt before the payment due date. 11 C.F.R. § 104.11(b)(October 3, 1990). See 55 Fed. Reg. 26,378, 26,385. (June 27, 1990).

22540892217

between Bluegrass and the Committee on December 28, 1989, as evidence of a written contract. According to the Committee's interpretation of the "underlying contract," Bluegrass would receive \$2,500 monthly as base pay for its services provided there were sufficient net fundraising receipts received by the Committee by the last day of the previous calendar month. If there were insufficient fundraising receipts, then the amount owed for services would not become due and owing until December 15, 1990, and, on that date, the total amount due would be negotiated. The Committee asserts that a review of Disclosure Reports filed with the Commission clearly shows that there were insufficient fundraising receipts during the period in question and as such, under the terms of the contract, no reportable debt existed.

To the extent that the Committee argues that it need not report the debt owed to Bluegrass for services, its argument must fail. First, it is currently unclear whether the services contract was formally entered into by both parties since the copy presented bears handwritten changes relating to the very issue raised in the complaint and bears only the signature of the candidate. Second, it appears that the Committee received invoices from Bluegrass with the latest invoice, dated June 2, 1990, requesting payment of \$29,165.86. The Committee's 1990 July Quarterly Report, covering the reporting period of June 1990, and the Committee's latest Disclosure Report, the 1990 12 Day Pre-Primary Report, show that only \$6,683.30 was reported by the Committee as outstanding debt owed to Bluegrass. Consistent

92040892210

with prior Commission determinations, it appears that the Committee should have disclosed the full amount of debt claimed by Bluegrass on the June 2, 1990 invoice regardless of whether the debt was disputed. Therefore there is reason to believe that Iowans for Powell and M. Craig McIntyre, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11.

92040892219



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

February 11, 1991

William S. Owens, Esq.
Scieszinski & Owens
13 South Clinton
P. O. Box 576
Albia, Iowa 52531

RE: MUR 3081

Dear Mr. Owens:

Pursuant to your conversation with Craig Reffner of this Office, it is understood that your client, Bluegrass Associates, Inc., entered into a written contract with Rodney Powell. In addition, it is understood that a settlement agreement concerning a debt owed your client by Rodney Powell has been negotiated and that you will submit copies of the contract and settlement agreement to this Office expeditiously.

Please be advised that 2 U.S.C. § 437g(a)(12) prohibits making public any Commission investigation without the written consent of the person with respect to whom such investigation is made. You are advised that no such consent has been given in this case.

Thank you for your assistance and should you have any questions please contact Craig Douglas Reffner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel

92040392220

06C0161

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

SCIESZINSKI & OWENS

91 FEB 25 AM 11:05

ATTORNEYS AT LAW
13 SOUTH CLINTON
P. O. BOX 576
ALBIA, IOWA 52531

ANNETTE J. SCIESZINSKI
WILLIAM S. OWENS

AREA CODE 515
938-7800

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 FEB 25 PM 3:42

February 20, 1991

Mr. Craig Reffner
Office of General Counsel
999 E Street N.W.
Federal Election Commission
Washington D.C. 20463

Re: Iowans for Powell & Bluegrass Consulting Associates, Inc.
Your case no. MUR 3081

Dear Mr. Reffner

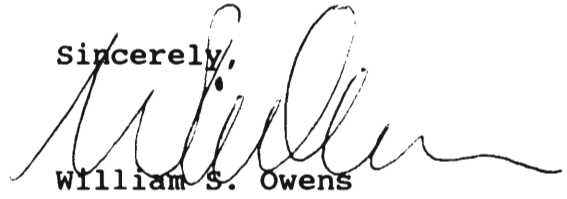
Please find enclosed a copy of the Personal Services Contract between Iowans for Powell and Bluegrass Consulting Associates, Inc. that was discussed in our recent phone conversation.

Also I write to advise you that the dispute between Iowans for Powell and Bluegrass has been settled and an agreement evidencing the settlement has been executed by representatives for Bluegrass Consulting Associates and has been forwarded to Iowans for Powell this date for execution. As soon as I have received a signed agreement from Iowans for Powell I will provide you with a copy to further evidence the settlement of this dispute.

I have enclosed a receipt for you to return to me acknowledging receipt of this letter advising you that there has been a settlement reached in this matter. It is important for you to sign and return the receipt to me so that I can provide a copy thereof as evidence to Iowans for Powell that the FEC has been notified of this settlement. I have enclosed a self-addressed, stamped envelope for your use in returning the receipt to me.

Your cooperation and attention is greatly appreciated. Thank you.

Sincerely,



William S. Owens

WSO/ssj

RECEIPT OF NOTICE OF SETTLEMENT

I, _____, hereby acknowledge receipt of notice from Bluegrass Consulting Associates, Inc. by and through their attorney, William S. Owens, that the dispute between Bluegrass Consulting Associates, Inc. and Iowans for Powell has been settled in that the parties have reached a settlement of their differences.

Dated this _____ day of _____, 1991.

22640392222

COPY

PERSONAL SERVICES CONTRACT

I. PARTIES: Iowans for Powell (hereafter, Powell) and Bluegrass Associates, Inc. (hereafter, Bluegrass) have entered into this Personal Services Contract on this _____ day of December, 1989. This Personal Services Contract shall be considered effective December 1, 1989. Nothing contained herein shall be construed to create an employer-employee relationship.

II. SERVICES:

A. SCHEDULE "A": Bluegrass agrees to provide to Powell certain campaign management services and hire such personnel as may be necessary in support of the candidacy of Rodney H. Powell (hereafter, the Candidate) for the U.S. House of Representatives Congressional seat for Iowa's Fifth Congressional District for the November 1990 general election (hereafter, the Campaign). The services are more specifically described in Schedule A attached to this contract and by this reference incorporated herein.

B. RISK: Powell and Bluegrass acknowledge and understand that the campaign contemplated herein represents a high degree of risk and they are fully capable of evaluating the risk involved. Bluegrass further acknowledges and

004039223

understands that it may be necessary for the Candidate and his spouse to engage in their occupations on at least a part-time basis during the pendency of this campaign.

- C. BEST EFFORTS: Bluegrass and Powell agree that they will at all times faithfully, industriously, efficiently, and to the best of their ability and talents perform all of the services and duties which are or may be required of them under the terms of this Personal Services Contract.

III. COMPENSATION:

- A. BASIS: Compensation due and owing from Powell to Bluegrass shall be based upon the fundraising receipts received by Powell.

- B. COMPENSATION SCHEDULE: The compensation schedule shall be as follows:

1. Two thousand five hundred dollars (\$2,500.00) base compensation each calendar month, provided there have been net receipts received by Powell of at least two thousand five hundred dollars (\$2,500.00) by the last day of the previous calendar month. If

~~Should there not be sufficient fundraising receipts to fully reimburse the supplemental reimbursement amount by December 15, 1990, then Bluegrass and Powell agree to negotiate a repayment schedule at that time in accordance with the terms and spirit of this Personal Service Contract.~~

there have not been at least two thousand five hundred dollars (\$2,500.00) in net receipts, then the compensation due and owing from Powell to Bluegrass shall be adjusted accordingly. Those amounts up to the computed amount of compensation which Powell does not pay to Bluegrass because of insufficient fundraising receipts shall be noted separately as a supplemental reimbursement amount which shall become due and owing when there are

sufficient fundraising receipts. ✓ Powell agrees to pay towards said supplemental amounts up to fifty percent (50%) of the net receipts each month. When Bluegrass hires a field director, then the base compensation contemplated herein shall be increased to three thousand dollars (\$ 3,000).

- a. Bluegrass shall receive a bonus of five percent (5%) of all gross receipts for amounts received by Powell up to five thousand dollars (\$5,000.00) during the applicable calendar month.
- b. Bluegrass shall receive a bonus of nine percent (9%) of all gross receipts for amounts between five thousand dollars (\$5,000.00) and fifteen thousand dollars (\$15,000.00) which have been received by Powell during the applicable calendar month.

- 92040392226
- c. Bluegrass shall receive a bonus of eight percent (8%) of all gross receipts for amounts between fifteen thousand dollars (\$15,000) and twenty five thousand dollars (\$25,000.00) which have been received by Powell during the applicable calendar month.
 - d. Bluegrass shall receive a bonus of seven percent (7%) of all gross receipts for amounts in excess of twenty five thousand dollars (\$25,000.00) which have been received by Powell during the applicable calendar month.
 - e. Bluegrass shall receive a Victory Bonus of ten thousand dollars (\$10,000.00) if the Candidate wins election to the U.S. House of Representatives in the 1990 general election and the expenses incurred by Powell do not exceed gross receipts. The date for determining said accounting shall be December 15, 1990. The provisions of paragraph III C below shall not apply if a Victory Bonus is due. Said Victory Bonus shall be due and

owing on or before June 1, 1991. No interest shall be due or accrue during said period.

f. Bluegrass shall receive the compensation herein contemplated regardless of the number of hours Bluegrass employees or agents may work. However, it is contemplated by the parties that Bluegrass agents and employees who are hired or retained by Bluegrass to work full-time shall devote, at a minimum, 40 hours per week to the campaign.

4. All Bluegrass claims to the date of this contract are merged into the "supplemental reimbursement amount" terms of this contract. Said amounts and claims shall not be due until paid by Powell in accordance with Section III. B.1. of this contract.

C. COMPENSATION LIMITATION: At no time shall any compensation due hereunder exceed moneys in the Powell bank accounts maintained at the Warren County Brenton Bank after deductions for outstanding expenses incurred during that calendar month.

2040892228

D. DEFINITIONS:

1. NET RECEIPTS: "Net receipts" is defined as all cash, paid checks, and money orders received by the Powell Treasurer after the payment of campaign expenses by Powell. Net receipts shall not include in-kind donations, fundraising commissions earned by fundraisers other than those employed by Bluegrass, expense reimbursement due from Powell to the Candidate, loans to Powell, and pledges or promises of receipts to Powell.
2. GROSS RECEIPTS: Gross receipts is defined as all cash, paid checks, and money orders received by the Powell Treasurer. Gross receipts shall not include in-kind donations, fundraising commissions earned by fundraisers other than those employed by Bluegrass, loans to Powell, and pledges or promises of receipts to Powell.

- E. CANDIDATE ACTIVITY: Powell and Bluegrass will ensure that the Candidate averages at least twenty-one (21) hours per week on activities directly related to fundraising.

F. REVISION: Should any of the services initially contracted for in Schedule A be renegotiated, then Section III may be revised accordingly.

IV. EXPENSES: Powell agrees to reimburse Bluegrass for the reasonable and necessary expenses of its agents and employees in the performance of the services contemplated in "Schedule A."

- A. MILEAGE RATE: Mileage shall be reimbursed at 20 cents per mile. Powell reserved the right to impose at a later time a limitation on the number of miles which may be reimbursed to Bluegrass, its employees and agents.
- B. TRAINING: Other than the Democratic Midwest Campaign Training Academy held July 27-29, 1989, in Indianola, Iowa, Powell will not reimburse any expenses or registration fees or expenses for any agents or employees of Bluegrass to attend any conference, seminar, or institute, unless specifically authorized in writing by the Candidate.
- C. PROFESSIONAL DUES: Powell shall not pay any professional dues of Bluegrass, its employees and agents.

22040892228

92040892230

D. MAXIMUM TRAVEL EXPENSES: The maximum reimbursable amounts shall be as follows:

1. Breakfast: \$3.00;
2. Lunch: \$5.00;
3. Dinner: \$10.00;
4. Hotel/Motel Single Room: \$25.00 per night;
5. Hotel/Motel double occupancy room: \$35.00 per night;
6. Hotel/Motel single occupancy room (Washington, D.C. only): Full reimbursement with Candidate written approval.
7. Hotel/Motel double occupancy room (Washington, D.C. only): Full reimbursement with Candidate written approval.
8. Bluegrass, its agents and employees, shall be expected to use donated rooms in the homes of Powell supporters whenever possible.
9. Bluegrass, its agents and employees, shall only receive reimbursement for those personnel whose travel was absolutely essential to the purpose of the travel.

E. All campaign expenses other than travel and mileage expense incurred on or after December 1, 1989, must be

submitted to the Treasurer for reimbursement or payment upon the proper designated forms with the original vendor receipts or copies of the original vendor receipts within five business days of receipt by Bluegrass.

G. All travel and mileage expense, shall be submitted to the Powell Treasurer on designated forms within five business days after the end of each calendar month beginning with October 1989. The failure to submit said forms shall constitute waiver of any amounts due and owing as expense reimbursement.

H. APPROVAL: Whenever possible, Bluegrass agents and employees shall secure the advance written approval of the Candidate, or in the absence of the Candidate, of the Treasurer, for all travel expenses and other expenses which exceed \$500.00. All expenses or more than \$10.00, but less than \$500.00 shall have the advance written approval of the president of Bluegrass.

V. PROPRIETARY INFORMATION AND MATERIALS:

A. MATERIALS: All written materials, computer software packages purchases for the use of Bluegrass by Powell, information stored on the computer discs, supporter lists, equipment and manuals purchased for the use of

Bluegrass by Powell, video and audio tapes purchased for the use of Bluegrass by Powell, and other materials provided by Powell to Bluegrass shall be the exclusive property of Powell and shall be promptly returned to Powell upon request or upon the termination of this Personal Services Contract. Bluegrass shall provide a list and inventory of all such items in its possession to the Candidate by January 1, 1990, and shall update said list on a monthly basis thereafter.

92040892232
B. CONFIDENTIALITY: Bluegrass and Powell shall protect and maintain the confidentiality of the financial records and trade secrets of Powell, Bluegrass, the Campaign, and the Candidate, except as are required to be disclosed by law.

C. NON-COMPETITION: Bluegrass agrees that it, its agents and employees will not participate or give any counsel or advice whatsoever to any campaign whatsoever until January 1, 1993, which in any way supports the candidacy of any person running against, or considering running against, the Candidate who is an incumbent or who has announced as a candidate for election to any elective office. Each agent and employee of Bluegrass shall be required to execute the agreement contained in "Schedule B" to this agreement.

92040892233

VI. FISCAL MANAGEMENT: Bluegrass shall provide the services set forth in Part II and Schedule A of this Personal Services Contract in a fiscally prudent fashion, to wit: on and after the date of this contract, Bluegrass shall not financially commit Powell to expenditures greater than the funds maintained in the campaign account at the Warren County Brenton Bank or to expenditures which cannot be reasonably anticipated to be deposited in said account.

VII. BLUEGRASS AGENTS AND EMPLOYEES:

- A. Because of the close and intimate nature of the relationship between Bluegrass and Powell, the hiring, retention and dismissal of all Bluegrass agents and employees having any connection whatsoever to the campaign shall be subject to the advice, consent, and written approval of the Candidate.
- B. The structure and personnel assignments of Bluegrass as they pertain to the Campaign shall be subject to the approval of the Candidate.
- C. Bluegrass shall be responsible for the withholding and payment of all income taxes, social security taxes or other deductions from the wages of Bluegrass employees and agents.

- 9204089221
- D. Bluegrass shall maintain its office(s) at such location(s) as may be designated by Powell. If offices are maintained at locations other than rural Allerton, Iowa, then Powell shall be responsible for any rents or other expenses related to maintaining and operating said offices. Bluegrass shall not commit Powell to maintaining and operating said other offices without the express written consent of Powell.
- VIII. VENUE: Bluegrass and Powell stipulate and agree that venue for any action arising under this contract shall be in the Iowa District Court for Polk County.
- IX. OVERSIGHT AND MONITORING: All Powell campaign files and databases maintained and possessed by Bluegrass shall open for periodic review by the Candidate or his agents.
- X. ASSIGNMENT OF CONTRACT: The rights and duties of the Parties under this Personal Services Contract shall not be assigned by either Party.
- XI. INDEMNIFICATION: Bluegrass and Powell agree to indemnify and hold each other harmless for any injuries whatsoever which may either intentionally or negligently be inflicted by their employees and agents while performing services under and pursuant to this Personal Services Contract.

XII. TERMINATION: This Personal Services Contract shall be terminable at will by either party upon written notice and upon such terms as maybe mutually agreed upon.

XIII. ENTIRE AGREEMENT: This Personal Services Contract contains the entire understanding of the Parties and is intended as the final expression of their agreement. The parties acknowledge that they have read this contract, understand it, and agree to be bound by its terms and conditions. The Parties agree that this Personal Services Contract supersedes all proposals and prior agreements, written or oral, and all other communications between the Parties.

XIV. SEVERABILITY: It is understood and agreed between the Parties that if any part, term, or provision of this contract is held by the courts or any arbitrator to be illegal or in conflict with any law, the validity of the remaining portions or provision shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if the Contract did not contain the particular part, term, or provision held to be invalid.

BLUEGRASS ASSOCIATES, INC.

IOWANS FOR POWELL

BY: _____
F. David Rinehart, President

BY: _____
Rodney H. Powell,
President

BY: _____
Judith Rinehart
Secretary/Treasurer

SCHEDULE A

CAMPAIGN MANAGEMENT SERVICES

1. Bluegrass will provide the following services with necessary and appropriate staff to Powell:
- a. Overall management
 - b. Fundraising;
 - c. Budget Management and Analysis;
 - d. Field Coordination;
 - e. Scheduling;
 - f. Computer Entry Analysis (except as may be otherwise separately negotiated);
 - g. The necessary secretarial and clerical support services;
 - h. Such campaign offices and facilities as may be necessary at rural route Allerton, Iowa.

2. Overall Management

Bluegrass shall designate a Campaign Manger who shall:

- a. Develop the campaign plan organization, finance plan, and such time lines as may be necessary;
- b. Manage and conduct the day-to-day business and affairs of Powell;
- c. Be responsible for all fundraising and budget management activities;

- 7
2
2
2
3
0
3
4
5
6
7
- d. Monitor and direct the activities of all campaign activities and committees;
 - e. Be responsible for campaign public relations activities if a campaign press secretary is not available;
 - f. Supervise the production of all materials produced for Powell;
 - g. Communicate the status of all campaign activities on a regular basis with the Candidate;
 - h. Establish election goals and objectives for field operations;
 - i. Conduct such training seminars as may be necessary;
 - j. Hire, train, and supervise -- with the advice, consent, and written approval of the Candidate -- such personnel as may be necessary to provide the services contemplated herein;
 - k. Act as the liaison between Powell and Democratic Party personnel and programs;
 - l. Ensure that all reports required by state or federal law, other than those completed by the Treasurer, are filed in a timely and accurate fashion;
 - m. Provide such reports as may be requested by Powell or the Candidate;

- 92040892238
- n. Delegate such authority as may be necessary;
 - o. Develop the campaign plan organization, finance plan, and such time lines as may be necessary;
 - p. Conduct and analyze opposition research;
 - q. Provide such computer analysis and computer support services - unless otherwise designated - as may be necessary and prudent to the Campaign;
 - r. Provide such other services, including secretarial services, as may from time to time be requested;
 - s. Supervise and be responsible for the preparation, distribution, and utilization of all campaign materials.
 - t. Perform such other functions as may be requested by the Candidate from time to time.

II. FUNDRAISING:

- A. Develop a written fundraising plan for the approval of the Candidate.
- B. Develop, implement, and coordinate all campaign fundraising, including but not limited to:
 - 1. A major donor fundraising program;
 - 2. A PAC fundraising program;

3. Fundraising events and activities such as, but not limited to, coffees, receptions, dinners, auctions, "steak frys", and promotional items;

4. Direct mail solicitations from all sources; and

5. Such other fundraising programs as may be necessary or desirable.

C. Develop Campaign Finance Committees and work with said committees in all necessary and reasonable ways.

D. All Campaign contributions to Powell which are delivered to Bluegrass shall be forwarded to the Powell Treasurer within one ^{working} day for deposit in the Powell bank account maintained at the Warren County Brenton Bank.

III. BUDGET MANAGEMENT AND ANALYSIS:

A. Develop and implement, in coordination with the Powell Treasurer, a budget management system to ensure the timely and accurate payment of campaign expenses and posting of accounts.

B. Ensure that campaign expenses do not exceed campaign income.

C. Provide such financial reports as may be necessary or may be requested by Powell.

IV. FIELD COORDINATION:

- A. Develop and implement a field program, with such regional offices as may be necessary, to ensure the election of the Candidate.
- B. The field program shall include, but not be limited to, the coordination of volunteers, providing driver/aides to the Candidate if not otherwise available, identifying Powell supporters, and otherwise coordinating all efforts to secure the election of the Candidate.

V. SCHEDULING:

- A. Coordinate the schedules of the Candidate, the Candidate's spouse, and surrogates to ensure the most efficient use of time available to ensure the election of the Candidate.
- B. Do all necessary telephoning, correspondence, and other communications to ensure the effective, efficient performance of the scheduling function.
- C. Ensure that appropriate advance media and post-event media has taken place in cooperation with the Press Secretary.

02040392240

SCHEDULE B

NONCOMPETITION AGREEMENT

_____ agrees that until January 1, 1993, that he/she will not participate in any political campaign or give counsel or advice to any political campaign or candidate which in any way supports the candidacy of any person running against, or considering running against, the Candidate who is an incumbent or who has announced as a candidate for election to any elective office.

In the event of violation by _____ of this agreement against competition, _____ will pay as liquidated damages to Powell the sum of Two hundred fifty Dollars (\$250.00) per day, for each day or part thereof that _____ breaks such agreement. It is recognized and agreed that damages in such event would be difficult or impossible to ascertain, though great and irreparable, and that this agreement with respect to liquidated damages shall in no event disentitle Powell to injunctive relief.

Signed

Date

91 MAR -4 AM11:15

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

MUR 3081

91 MAR -4 PM12:21

RECEIVED
FEDERAL ELECTION COMMISSION

RESPONDENT'S REQUEST FOR EXTENSION OF TIME

COMES NOW M. Craig McIntyre, by and through his attorney, and hereby requests an additional 30 days to and until April 3, 1991, to respond to the Interrogatories, Request for Production of Documents, and other matters served upon M. Craig McIntyre on or about February 15, 1991. In support of his Request for Extension of Time, Respondent states:

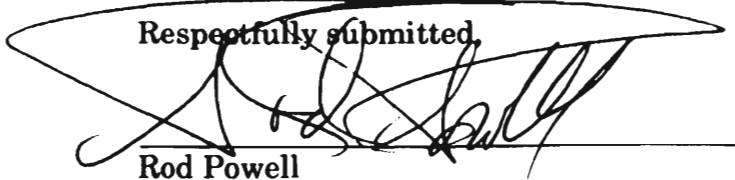
1. Respondent's attorney's wife is immediately expecting the birth of a child, which will necessitate Respondent's attorney being out of the office and unable to address this matter.

2. Respondent's attorney has a major jury trial currently scheduled for March 25, 1991, which will require large amounts of preparation time before the date set for trial.

3. Additional time will be required to assemble and analyze the documents requested in the Request for Production of Documents and to respond to the Interrogatories.

WHEREFORE, Respondent respectfully requests that the time for response to the Interrogatories and Request for Production of Documents be extended for 30 days to and until April 3, 1991.

Respectfully submitted,

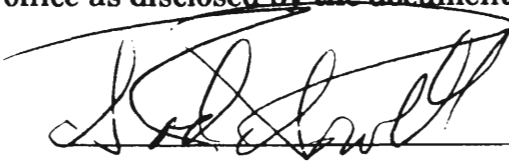

Rod Powell

BLACK, GOLDMAN & POWELL, P.C.
200 Liberty Building
418 Sixth Avenue
Des Moines, IA 50309
Telephone: (515) 244-0200

ATTORNEYS FOR M. CRAIG
MCINTYRE

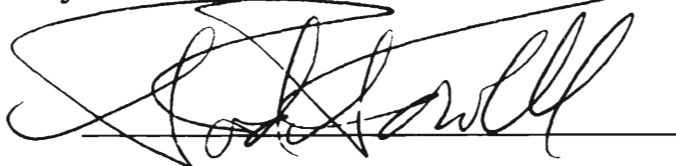
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served upon Craig Reffner, Attorney for the Federal Elections Commission, by facsimile transmission at his business office as disclosed by the documents of record herein on the 1st day of March, 1991.



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served upon Craig Reffner, Attorney for the Federal Elections Commission, by depositing said envelope in a United States Post Office depository in Des Moines, Iowa, at his business office as disclosed by the documents of record herein on the 1st day of March, 1991.



06C 0160
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
STATEMENT OF DESIGNATION OF COUNSEL

91 FEB 25 AM 11:09

MUR 3081

NAME OF COUNSEL: Rod Powell

ADDRESS: Black, Goldman & Powell, P.C.

200 Liberty Building

Des Moines, Iowa 50309

TELEPHONE: (515) 244-0200

91 FEB 25 PM 3:42

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

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.

2/22/91
Date

M. Craig McIntyre
Signature

RESPONDENT'S NAME: Iowans for Powell and M. Craig McIntyre, as Treasurer

ADDRESS: Iowans for Powell

Box 66

Indianola, IA 50125

HOME PHONE: _____

BUSINESS PHONE: (515) 961-3194

92040392244



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

March 4, 1991

Rodney H. Powell, Esq.
Black, Goldman & Powell, P.C.
200 Liberty Building
Des Moines, Iowa 50309

RE: MUR 3081
Iowans for Powell and M. Craig
McIntyre, as treasurer

Dear Mr. Powell:

This is in response to your letter dated March 1, 1991, which we received on March 1, 1991, requesting an extension of 30 days to respond to the Commission's discovery requests. 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 April 3, 1991.

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

Sincerely,

Lawrence M. Noble
General Counsel


BY: Lisa E Klein
Assistant General Counsel

92040392245



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1991

William S. Owens, Esq.
Scieszinski & Owens
13 South Clinton
P. O. Box 576
Albia, Iowa 52531

RE: MUR 3081

Dear Mr. Owens:

This letter is in response to your correspondence, dated February 20, 1991, which advises us "that there has been a settlement [of a debt] in this matter." In your letter you request that Craig Reffner of our Office sign a receipt "as evidence to Iowans for Powell that the FEC has been notified of this [debt] settlement."

Under the Commission's regulations, the settlement of debts between political committees and commercial vendors must be approved by the Commission. See 11 C.F.R. §§ 116.1 - 116.10 (October 3, 1990). The regulations also set forth specific procedures for submitting debt settlement proposals for the Commission's consideration. See 55 Fed. Reg. 26378 (June 27, 1989). Enclosed please find a copy of the Commission's debt-settlement regulations.

Should you have any further questions, please contact Craig Reffner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to read "Lois G. Lerner", is written over the typed name.

BY: Lois G. Lerner
Associate General Counsel

Enclosuré

22040892246

BLACK, GOLDMAN & POWELL, P.C.

ATTORNEYS AND COUNSELORS AT LAW

200 LIBERTY BUILDING

418 SIXTH AVENUE

DES MOINES, IOWA 50309-2408

DAVID H. GOLDMAN
JOHN G. BLACK
ROD POWELL
CANDY MORGAN
*ADMITTED ALSO IN MINNESOTA
COUNSEL
L.E. SLADE

91 APR -3 PM 2:11

TELEPHONE
(515) 244-0200

FACSIMILE NUMBER
(515) 244-8501

VIA UPS NEXT DAY AIR

April 2, 1991

Mr. Craig Reffner
Federal Election Commission
Office of the General Counsel
999 E. Street N.W.
Washington, D.C. 20463

Re: MUR 3081 -- Iowans for Powell and M. Craig McIntyre, as treasurer

Dear Craig:

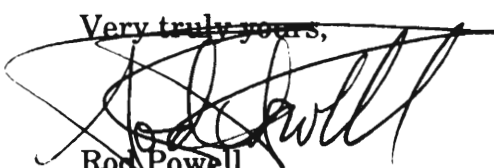
Enclosed please find our response to Interrogatories and Request for Production of Documents. If there are additional documents which you desire, please feel free to request them, and we will be happy to provide them.

Further, as I indicated during our telephone conference on or about March 1, 1991, we are preparing a Supplemental Memorandum of Law for your consideration which I will be forwarding on to you within the next few days.

Finally, Bill Owens has recently forwarded a copy of a letter to him from Lois Lerner dated March 1, 1991, regarding the Mutual Releases executed by the parties in this matter. I expect to be reviewing that letter as well as his cover letter and other attachments which he mailed to me within the next few days and will be in contact with you in that regard as well.

If you have any questions, do not hesitate to call.

Very truly yours,


Rod Powell

RP/da
Enclosures

91 APR -3 PM 3:24

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

) MUR 3081
)
)
)
)

**RESPONSE TO INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS**

COMES NOW M. Craig McIntyre, by and through his attorney, and hereby responds to the Interrogatories and Request for Production of Documents served upon him February 15, 1991:

RESPONSE NO. 1: Respondent will produce copies of all invoices which Iowans for Powell has received from Bluegrass Associates, Inc. (although David and Judy Rinehart have used the name Bluegrass Associates, Inc. throughout their association with Iowans for Powell, they are actually incorporated and registered with the Iowa Secretary of State under the name Bluegrass Consulting Associates, Inc.) Invoices were received on or after 5/19/89; 7/31/89; 9/13/89; 10/3/89; 10/23/89; 10/31/89; 11/30/89; 12/31/89; 2/1/90; 3/8/90; 3/9/90; 5/2/90.

RESPONSE NO. 2: The Personal Services Contract between Bluegrass Consulting Associates, Inc. and Iowans for Powell was signed and executed in counterparts on or about December 28, 1989. [See paragraph 9 of the "Mutual Release, Settlement Agreement, and Covenant Not to Sue (hereafter, Mutual Release) referenced in our response to Interrogatory No. 3 below.] A copy of the Personal Services Contract was previously produced on or about July 23, 1990,

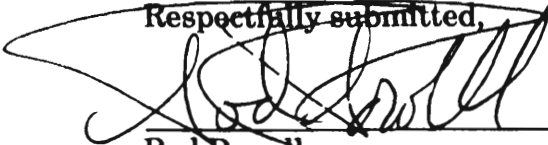
attached to a letter from M. Craig McIntyre to Lois G. Lerner. It is the understanding of Iowans for Powell that a copy of the counterpart of that Personal Services Contract signed by David and/or Judith Rinehart has been provided to Craig Reffner by William Owens, attorney for David and Judith Rinehart.

RESPONSE NO. 3: A "Mutual Release, Settlement Agreement, and Covenant Not to Sue" of the disputed claims was negotiated between Iowans for Powell and Bluegrass Consulting Associates, Inc. with an effective date of December 15, 1990. [See paragraph 13 of the Mutual Release.] The Mutual Release was signed by F. David Rinehart on behalf of Bluegrass Consulting Associates, Inc. on or about February 13, 1991, and Rod Powell on behalf of Iowans for Powell on or about February 25, 1991. The terms and amount of the repayment schedule are set forth in paragraph 12 of the Mutual Release. As paragraph 3 of the Mutual Release indicates, that agreement constitutes the compromise of disputed claims. Paragraph 7 indicates that Iowans for Powell had made claims against Bluegrass for breach of contract and Bluegrass had made claims for reimbursement for expenses and personal services. The total amount of this settlement is reflected in Respondent's January 31, 1991, F.E.C. Report.

RESPONSE NO. 4: Copies of all documents which support or relate to Respondent's responses to the above questions will be produced and are enclosed herewith, with the exception of those documents noted in Response No. 2 above

which have already been produced. For the ease of all parties, the documents will be numbered sequentially in the lower left corner.

Respectfully submitted,


Rod Powell

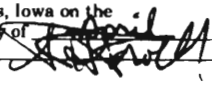
BLACK, GOLDMAN & POWELL, P.C.
200 Liberty Building
418 Sixth Avenue
Des Moines, IA 50309
Telephone: (515) 244-0200
ATTORNEYS FOR IOWANS
FOR POWELL

Copy to:

Mr. Craig Reffner
Federal Election Commission
Office of the General Counsel
999 E. Street, N.W.
Washington, D.C. 20463

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served upon each of the attorneys of record of all parties to the above-entitled cause by enclosing the same in an envelope addressed to each such attorney at his/her/their respective business address(es) as disclosed by the pleadings of record herein, with postage fully paid, and by depositing said envelope in the United Parcel Service Second Day depository in Des Moines, Iowa on the

20 day of April 19 91


Coppy

R+2 Bar⁹ 41kton Ion. 5008

5/19 1987

Address 703 80th

Terms _____

Paper/copying	19	52
postage	13	80
phone	94	36
Time, relay & misc	693	68
	821	26

From Bluebonnet Association

To Red Power

City Portland, Maine

Terms _____

Manager	1875 -
retaining fee for 6 weeks	1952
Paper	1380
Postage	94 24
Food	693 68
Time, mileage & misc	<u>2696 26</u>

Copy

Rebilled
5-19-89

STATEMENT

From Bluegrass Associates Inc
Rt 2 Box 66 Clinton June 2008

To Reer Pavee July 31 1987 Dewan for Pavee

Address Box 606

City Oskaloosa Iowa

Terms _____

paper/copying	71	28
postage	114	26
phone	265	54
trine, mileage, misc	500	66
	951	74
ROA	(241	04)
	887	70
Q1 acct		
Statement dated 5/19	821	26
	1708	96

22040892254

DATE
9-13-89

STATEMENT

NO. 101

COMPANY *Bluegrass Associates, Inc.*
Pt 2, Box 66
Allerton, Iowa 50008

BILLED TO *Louans for Powell/Rod Powell*
Box 606
Indianola, Iowa

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
5/19	Statement/Retainer	1875 ⁰⁰		
5/19	Statement/Expense	821.26		
7/31	Statement/Expense	887.70		
9/13	Invoice # 109121	614.56		
9/13	" " # 109122	2500.00		
9/13	" " # 109123	5000.00		
				\$ 11,698.52

LASER

DATE

9-13-89

INVOICE

No. 109121

COMPANY

Bluegrass Associates, Inc.
 Rte 2, Box 66
 Allerton, Iowa 50008

SOLD TO

Louano for Powell / Red Powell
 Box 606
 Indianola, Iowa 50125

SHIPPED TO

N/A

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

8-1-89 to 9-13-89

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICE

Reimbursable Expense

Paper / Copying	4.06
Postage	22.27
Phone	215.34
Time, Mileage, Misc	372.89
	614.56

Terms: NET 30 days,
 1.5% service charge
 on balance over 30 days.

(We will fill out mileage forms when
 they are available)

LASER

DATE
9-13-89

INVOICE

No. 109122

COMPANY *Bluegrass Associates, Inc.*
Rt 2, Box 66
Alleaton, Iowa 50008

SOLD TO *Dwaine for Powell / Rod Powell*
Box 606
Indianola, Iowa 50125

SHIPPED TO *N/A*

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
8-1-89	to 8-31-89			

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>Management Fee and Secretarial Services</i>		<i>\$2500.00</i>
	<i>(Minimum fee prior to contract finalization)</i>		

LASER

92040892256

DATE

9-13-89

INVOICE

No.109123

COMPANY

Bluegrass Associates, Inc.

P.O. Box 66

Allerton, Iowa 50008

SOLD TO

Cowan for Powell / Red Powell

Box 606

Indianola, Iowa 50125

SHIPPED TO

N/A

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICEManagement & Secretarial
Services

6-1 to 6-30-89

2500.00

7-1 to 7-31-89

~~2500.00~~

5000.00

LASER

DATE
10-3-89

STATEMENT

NO.

COMPANY *Bluegrass Associates, Inc*
Pt 2, Box 66
Wellerton, Iowa 50008

BILLED TO *Lewano for Powell/Rod Powell*
Box 606
Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
5/19	Statement/Retainer	1875.00		
5/19	Statement/Expense	321.26		
7/31	Statement/Expense	887.70		
9/13	Invoice #109121	614.56		
9/13	Invoice #109122	2500.00		
9/13	Invoice #109123	5000.00		
10/3	Invoice #109124	460.64		
10/3	Invoice #109125	2575.00		
		<u>14,374.16</u>		

LASER

2040392258

IOWANS FOR POWELL
CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 11-3-89

RE: Invoice # 109124

PAYABLE TO: Bluegrass Associates, Inc.

ADDRESS: Rt. 2, Box 66 Allenton, Iowa 50009

PURPOSE	DEPT.	ACCT.	AMOUNT
			38.75

COMMENTS: Reimburse Expense - Postage

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: 
070589

APPROVED BY: _____

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-3-89

RE: Invoice # 109124

PAYABLE TO: Bluegrass Associates, Inc

ADDRESS: Rt 2, Box 66 Allenton, Iowa 50608

PURPOSE	DEPT.	ACCT.	AMOUNT
			<u>32.90</u>

COMMENTS: Reimburse Expense - Paper Copying

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: [Signature]
070589

APPROVED BY: _____

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-3-89

FROM: Invoice #109124

PAYABLE TO: Bluegrass Association Inc

ADDRESS: Rt 2, Box 66 Alorton, Iowa 50002

PURPOSE	DEPT.	ACCT.	AMOUNT
			114.97

COMMENTS: Reimburse Exp - Time, Mileage, Misc.

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: R

APPROVED BY: _____

70589

DATE

10-3-89

INVOICE

No. 109124

COMPANY

Bluegrass Associates
Rt 2, Box 66
Allerton, Iowa 50008

SOLD TO

Jowans for Powell / Rod Powell
Box 606
Indianola, Iowa 50125

SHIPPED TO

N/A

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

9-13-89 to 9-30-89

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICE

Reimbursable Expense

Paper / Copying

32.90

Postage

38.75

Phone

274.02

Time, Mileage, Misc

114.97

Total

460.64

Terms: Net 30 days,
1.5% service charge
on balance over 30 days.

LASER

DATE

10-3-89

INVOICE

No. 109125

COMPANY

Bluegrass Associates, Inc
 Rt. 2, Box 66
 Allerton, Iowa 50008

SOLD TO

Iowans for Powell / Rod Powell
 Box 606
 Indianola, Iowa 50125

SHIPPED TO

N/A

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

9-1 to 9-31-89

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICE

Management Fee and
 Secretarial Services
 Interest Invoice 109123

2500.00
 75.00
 2575.00

Terms: Net 30 days
 1.5% service charge
 on balances over 30 days

LASER

IOWANS FOR POWELL

CHECK REQUEST FORM

MARY ERVIN, TREASURER

DATE: 10-3-89

Invoice # 109125

PAYABLE TO: Bluegrass Associates, Inc
 ADDRESS: Rt 2, Box 66 Allenton, Iowa 50008

PROPOSE	DEPT.	ACCT.	AMOUNT

REMARKS: Management Fee, Secretarial Service,
Interest Invoice # 109123.

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: JR APPROVED BY: _____

DATE
10-23-89

STATEMENT

NO.

COMPANY *Bluegrass Associates, Inc*
Pt 2, Box 66
Allerton, Iowa 50008

BILLED TO *Lovano for Powell / Rod Powell*
Box 606
Indianola, Iowa 50125

To Correct Statement of 10-3-89

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
10-3	Original Total			14,374.16
10-23	Cr Memo 1A	(75.00)		
" "	Invoice #109/29	22.35		
" "	Debit Memo 1A	360.00		
	Corrected Balance			
	as of 10-23-89			14,681.51

LASER

DATE
10-23-89

STATEMENT

NO. 1A

COMPANY *Bluegrass Associates, Inc.*
142, Box 66
Allerton, Iowa

~~2000-00~~ Credit Memo RE: Inw 109/25
To: Lowans for Powell/Rod Powell
Box 606
Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
	Interest, from Invoice 109123		(75.00)	
	(I apologize for my error!)			

LASER

LOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10/23/89

RE: Corrected invoice - for interest on expenses

PAYABLE TO: Bluegrass Associates Inc

ADDRESS: Rt 2 Box 66 Ailerton, IA 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
Interest on expenses			\$ 22.35

COMMENTS: SI corrected statements & invoice

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: [Signature]
070589

APPROVED BY: _____

DATE
10-23-89

INVOICE

No. 109129

COMPANY
Bluegrass Associates, Inc.
Rt. 2, Box 66
Allerton, Iowa 50008

SOLD TO
Lawans for Powell / Rod Powell
Box 606
Indianola, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	1.5% Interest, statement dated 5-19 less payment received 10-5-89		11.82
	1.5% Interest, statement dated 7-31 less payment received 10-5-89		10.53
			<u>22.35</u>

10-23-89

STATEMENT

NO. 1A

COMPANY	Bluegrass Associates, Inc.
	Pt. 2, Box 66
	Albion, Iowa 50008

BILLED TO	Lawrence Powell / Rod Powell
	Box 606
	Indianola, Iowa 50125

Debit Memo: Refer Statement of 10-3

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
	Original Statement			
	Total on 10-3-89			14,374.16
	Should have been			14,734.16
	We debit your account			\$360.00

LASER

2040892269

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice # 109134

PAYABLE TO: Bluegrass Associates, Inc

ADDRESS: Rt. 2, Box 66, Alcester, Iowa 50008

PURPOSE

DEPT.

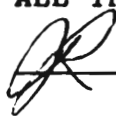
ACCT.

AMOUNT

8.47

COMMENTS: Invoice 109121, less \$50.00 from your check #1020, Interest. The \$50.00 was applied to the telephone portion of Invoice 109121.

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: 
070589

APPROVED BY: _____

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice #109130

PAYABLE TO: Bluegrass Associates, Inc.

ADDRESS: Rt 2, Box 66, Allerton, Iowa 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
			<u>\$2500.00</u>

COMMENTS: Management fee / Secretarial service

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: *[Signature]*
70589

APPROVED BY: _____

DATE
10-31-89

INVOICE

No. 109130

COMPANY *Bluegrass Associates, Inc.*
Rt. 2, Box 66
Allerton, Iowa 50008

SOLD TO *Dwano for Powell/Red Powell*
Box 606
Indianola, Iowa 50125

~~SHIPPED TO~~
Net 30 days

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>October Management and Secretarial Services</i>		<i>250000</i>

~~LASER~~

22340892272

DATE

10-31-89

INVOICE

No.109134

COMPANY

Bluegrass Associates, Inc
 Rt 2, Box 66
 Allerton, Iowa 50008

SOLD TO

Dwain for Powell / Rod Powell
 Box 66
 Indianola, Iowa 50125

SHIPPED TO

Terms: Net 30 days

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICE

Act Interest, Inv #109121
 less payment of \$50.00
 from IFP #1020

8.47

LASER

DATE
10-31-89

STATEMENT

NO.

COMPANY *Bluegrass Associates, Inc.*
Rt 2, Box 66
Allerton, Iowa 50008

BILLED TO *Lowans for Powell / Rod Powell*
Box 606
Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
10/3	Balance, as corrected			
10-23				14,621.51
10/5	Payment, 5-19 Exp	33.32		
"	Payment, 7-31 Exp	185.54		
10/20	Payment, Inv 109124	150.00		
10/25	" " Inv 109124	100.00		
10/30	" " Inv 109124	24.02		
"	" " Inv 109121	50.00		
10/31	Invoice # 109130	2500.00		
"	Invoice 109132	918.62		
"	Invoice 109134	8.47		17,565.72

LASER

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice 109132

PAYABLE TO: Bluegrass Associates, Inc.

ADDRESS: Rt 2, Box 66, Allerton, Iowa 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
			\$316.06

COMMENTS: Time, mileage, msc.

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: R
070589

APPROVED BY: _____

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice 109132

PAYABLE TO: Bluegrass Associates, Inc.

ADDRESS: Rt. 2, Box 66, Alcega, Iowa 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
			\$524.49

COMMENTS: Telephone

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: 070589

APPROVED BY:

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice 109132

PAYABLE TO: Bluegrass Associates, Inc.

ADDRESS: Rt 2, Box 66, Allerton, Iowa 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
			70.47

COMMENTS: Paper/Copying

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: JR
070589

APPROVED BY: _____

IOWANS FOR POWELL

CHECK REQUEST FORM

TO: MARY ERVIN, TREASURER

DATE: 10-31-89

RE: Invoice 109132

PAYABLE TO: Bluegrass Associates Inc

ADDRESS: Rt 2, Box 66, Allenton, Iowa 50008

PURPOSE	DEPT.	ACCT.	AMOUNT
			7.60

COMMENTS: Postage

PLEASE ATTACH ALL INVOICES, STATEMENTS, BILLS, ETC.

REQUESTED BY: [Signature]
070589

APPROVED BY: _____

DATE
10-31-89

INVOICE

No.109132

COMPANY Bluegrass Associates, Inc.
Rt 2, Box 66
Allerton, Iowa 50008

SOLD TO Iowans for Powell / Rod Powell
Box 606
Indianola, Iowa 50125

TERMS Net 30 days, 1.5% service
charge on balance over 30 days.

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	October, 1989		
	Paper / Copying	70.47	
	Postage	7.60	
	Phone	524.49	
	Time, Mileage, Misc	316.06	
			918.62

LASER

DATE

11-30-89

STATEMENT

NO.

COMPANY

Bluegrass Associates Inc
 Rt 2 Box 66
 Alliston Iowa 50008

BILLED TO

Jowans for Power / Rod Power
 Box 606
 Indiana Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
10/31	Balance of acct			17565.72
11/14	Payment rec'd on acct		100 ⁰⁰	
11/61	Payment rec'd on acct		200 ⁰⁰	
11/30	Invoice # 109135	2500 ⁰⁰		
11/30	Invoice # 109136	531 ⁶⁸		
				<u>\$20,297.40</u>

LASER

DATE
11-30-89

INVOICE

No.109135

COMPANY *Bluegrass Associates, Inc.*
Rt 2 Box 606
Allerton, Iowa 50008

SOLD TO *Jewens for Powell / Rod Powell*
Box 606
Indianola, Iowa 50125-

SHIPPED TO

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>November management & secretarial services</i>		<i>2500⁰⁰</i>

LASER

DATE
11-30-89

INVOICE

No.109136

COMPANY

Bluegrass Associates, Inc.
P.O. Box 66
Allenton, Iowa 50008

SOLD TO

James for Powell/Rod Powell
Box 606
Indiside, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

QUANTITY

DESCRIPTION

UNIT
PRICE

TOTAL
PRICE

November, 1989

Paper/Copying

9.05

Postage

16.85

Phone

230.15

Mileage & misc

189.63

531.68

LASER

040892283

DATE
12-31-89

STATEMENT

NO.

COMPANY *Bluegrass Associates, Inc.*
Rt 2, Box 66
Allerton, Iowa 50008

BILLED TO *Jourans for Powell*
Box 606
Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
11-30	Balance			20,297.40
12/23	Rec'd on acct.		300.00	
12/30	Invoice #109137	2500.00		
12/30	" #109138	406.79		
				<u>\$ 22,904.19</u>

LASER

DATE
12-31-89

INVOICE

No.109137

COMPANY *Bluegrass Associates, Inc*
Rt 2, Box 66
Alcester, Iowa 50008

SOLD TO *Stuans for Powell / Rod Powell*
Box 606
Indianola, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>December, 1989</i> <i>Management &</i> <i>secretarial service</i>		<i>2500.00</i>

~~LASER~~

DATE
12-31-89

INVOICE

No.109138

COMPANY *Bluegrass Associates, Inc*
Rt 2, Box 66
Allerton, Iowa 50008

SOLD TO *Jowans for Powell*
Box 606
Indianola, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO. SHIPPED VIA F.O.B. POINT TERMS SALESMAN
December 1989

QUAN	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>Paper / Copying</i>		<i>190.95</i>
	<i>Postage</i>		<i>24.51</i>
	<i>Phone</i>		<i>144.16</i>
	<i>Time, Mileage, Misc.</i>		<i>47.17</i>
	<i>Total</i>		<i>406.79</i>

LASER

DATE 2/1/90

STATEMENT

NO.

COMPANY Bluegrass Associates, Inc
Rt 2 Box 66
Albion, Iowa 50008

BILLED TO Iowans for Power / Red Power
Box 66
Indianola, Iowa 50125-

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
12/30	Balance			22902. ⁰⁰
1/5	ROA		250. ⁰⁰	
1/26	ROA		109. ⁹⁸	
2/1	Iowa # 109139	547. ⁹³		
2/1	Iowa # 109140	2500. ⁰⁰		
				<u>\$25,589.93</u>

===== LASER

72040892286

DATE

2-1-90

INVOICE

No.109139

COMPANY

Bluegrass Associates, Inc.

Rt 2, Box 66

Allerton, Iowa 50008

SOLD TO

Guanaford Powell / Rod Powell

Box 606

Indianola, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

QUANTITY

DESCRIPTION

UNIT
PRICETOTAL
PRICE

January, 1990

Paper, Copying

354.87

Postage

52.65

165.71

Phone to 1-6-90

113.06

Pd 2-15-90
ch # 1036

Time, Mileage, Misc

27.25

Total

547.83

LASER

940892288

DATE
2-1-90

INVOICE

No.109140

COMPANY
Bluegrass Associates, Inc.
Rt 2, Box 66
Allerton, Iowa 50008

SOLD TO
Lowans for Powell / Rod Powell
Box 606
Indianola, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	January, 1990 Management & secretarial service	\$500.00	

~~LASER~~

3/3/90

INVOICE

No.109142

COMPANY	Bluegrass Associates Inc
	Rt 2 Box 64
	Albion Iowa 50008

SOLD TO	Red Powell / Susan for Powell
	Box 604
	Indianola Iowa 50125

SHIPPED TO	

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	February 1990		
	Paper/copying	138.94-	
	postage	47.50-	
	phone	260.80-	
	mileage/miss.	404.24-	
			\$851.44

LASER

3/9/90

STATEMENT

NO.

COMPANY	Bluegrass Associates Inc
	Rt 2 Box 66
	Celinton, Iowa 50008

BILLED TO	Red Powell / Services for Powell
	Box 606
	Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
1/31	Balance			\$2589.98
2/15	ROA		165 71	
	ROA		100 00	
	ROA		50 00	
	Invoice # 109142	851.44		
	Inv. # 109143	3205.81		
				<u>\$29351.47</u>

LASER

040892290

DATE
3/9/90

INVOICE

No.109143

COMPANY *Bluegrass Associates Inc*
872 Box 66
Clinton Iowa 50001

SOLD TO *Bob Powell / Dawson Powell*
Box 606
Indianola Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.	SHIPPED VIA	F.O.B. POINT	TERMS	SALESMAN
--------------------	-------------	--------------	-------	----------

QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL PRICE
	<i>February 1, 1990 - March 9, 1990</i>		
	<i>Management & Sustained Service</i>	<i>\$ 325.81/10</i>	

LASER

DATE
5-2-90

STATEMENT

NO.

COMPANY
Bluegrass Associates Inc
Rt 2 Box 66
Allenton Iowa 50008

BILLED TO
Jewans for Powell / Rod Powell
Box 606
Indianola, Iowa 50125

DATE	DESCRIPTION	CHARGES	CREDITS	BALANCE
	Balance 3-9-90			2951.47
3-12	ROA	300.00		
3-27	" "	350.00		
4-23		100.00		
5-2	Invoice # 109148	564.59		
				\$ 29165.84

LASER

DATE
5-2-90

INVOICE

No. 109148

COMPANY

Bluegrass Associates Inc.
Rt 2 Box 66
Allenton Iowa 50008

SOLD TO

Quinn for Powell / Rod Powell
Box 606
Spokane, Iowa 50125

SHIPPED TO

CUSTOMER ORDER NO.

SHIPPED VIA

F.O.B. POINT

TERMS

SALESMAN

QUANTITY

DESCRIPTION

UNIT
PRICE

TOTAL
PRICE

Telephone from
2-6-90 to 3-8-90

\$319.58

Commission to date (3-8-90)
all funds raised

\$214.81

\$504.39

LASER

**MUTUAL RELEASE, SETTLEMENT AGREEMENT AND
CONVENANT NOT TO SUE**

1. This document is a mutual release and settlement of all claims between the following parties: Bluegrass Consulting Associates, Inc. and Iowans for Powell. It is made in consideration of the mutual promises made in the following paragraphs.

2. It is agreed by both parties that because they have executed this agreement, that they shall forever be barred from instituting or pursuing any lawsuit or administrative complaint which is based upon any mistake, misunderstanding or misrepresentation if the effect of that lawsuit or administrative complaint would be to make this agreement ineffective.

3. Both parties agree that this agreement is a compromise of disputed claims. The agreements contained in this document shall not be considered an admission of liability, fault, or wrongdoing on the part of either party.

4. This agreement is the entire agreement between the parties. The terms of this agreement are a contract between the parties.

5. The agents for Bluegrass Consulting Associates, Inc. and Iowans for Powell have read this agreement. They understand its contents and have had an opportunity to discuss it with their lawyers before signing it.

6. All of the parties represent that they have not transferred their rights to any other person or corporation.

7. This dispute has its basis in certain claims for the reimbursement for expenses and personal services made by Bluegrass Consulting Associates, Inc. against Iowans for Powell, and for claims for breach made by Iowans for Powell against Bluegrass Consulting Associates, Inc. for breach of contract. Except as otherwise provided for in this Mutual Release, Settlement Agreement and Covenant Not to Sue, both parties agree that neither of them shall ever bring a lawsuit or administrative action against either of the other parties which is based in any way upon that transaction.

44
RECEIVED
FEB 25 91
BLACK, GOLDMAN
& POWELL, P.C.

8. Each of the parties sign this agreement for itself, and for its heirs, executors, administrators, successors, assigns, representatives, officers, agents, and employees.

9. Both parties agree that those provisions of the Personal Services Contract executed by counterparts on December 28, 1990³⁷, pertaining to confidentiality and non-competition shall remain in effect and that both parties shall continue to be bound by said provisions. (WS)

10. Except to the extent necessary to enforce this Mutual Release, Settlement Agreement and Covenant Not to Sue or otherwise required by law, Bluegrass Consulting Associates, Inc. and Iowans for Powell hereby agree that it will not disclose any of the terms or conditions of this Mutual Release, Settlement Agreement and Covenant Not to Sue to any person or entity who is not a party to this Mutual Release, Settlement Agreement and Covenant Not to Sue.

11. Bluegrass Consulting Associates, Inc., by and through its attorney William Owens, agrees to notify the Federal Election Commission that the parties have reached a settlement agreement pertaining to their complaint against Iowans for Powell, its officers, employees and agents and against Craig McIntyre, Treasurer for Iowans for Powell.

12. Iowans for Powell and Bluegrass Consulting Associates, Inc. agree that Iowans for Powell shall pay sixteen thousand five hundred dollars (16,500.00) to Bluegrass Consulting Associates, Inc. in full settlement of all claims for expense reimbursement and personal services in the following manner:

- a. An initial payment of one thousand dollars (\$1,000.00) shall be transferred to William Owens, attorney for Bluegrass Consulting Associates, Inc., upon the full execution of this Mutual Release, Settlement Agreement, and Covenant Not to Sue. Attorney Owens shall hold said sum (as well as those sums received pursuant to paragraph 12b below) in trust until the Federal Elections Commission has advised Iowans for Powell that it

has received notification from William Owens, attorney for Bluegrass Consulting Associations, Inc., that the dispute between the parties has been settled.

- 040892296
- b. Iowans for Powell shall pay to Bluegrass Consulting Associates, Inc. one hundred dollars (\$100.00) per month on or before the first day of each month for six months beginning the month after the payment contemplated in paragraph 12a above. On and after the seventh month, Iowans for Powell shall pay two hundred fifty dollars (\$250.00) per month due on or before the first day of each subsequent month, to Bluegrass Consulting Associates, Inc. until the total amount referenced earlier in this paragraph is paid.
 - c. Iowans for Powell is hereby authorized to prepay any monthly installment in advance without penalty.
 - d. All payments shall be made to and through William Owens, attorney for Bluegrass Consulting Associates, Inc. Attorney Owens shall hold all payments in trust in the same manner contemplated by paragraph 12a above.
 - e. Iowans for Powell agrees to begin paying interest on any unpaid balance as of one year after the payment of the initial amount referenced in paragraph 12a above at the annual percentage rate of 10%.
 - f. If the full amount contemplated in this release is not paid within one year after the payment of the initial payment, then Iowans for Powell agrees to secure the personal guarantee of Rodney H. Powell for any and all payments still due and owing.

13. This Mutual Release, Settlement Agreement and Covenant Not to Sue shall be considered to have been effective December 15, 1990.

Bluegrass Consulting Associates, Inc.

By: D. David Schacht

Position: Pres

Date: 2/13/91

Iowans for Powell

By: David Powell

Position: President

Date: 2/25/91

40392297



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20461

April 11, 1991

Rodney H. Powell, Esq.
Black, Goldman & Powell, P.C.
200 Liberty Building
Des Moines, Iowa 50309

RE: MUR 3081
Iowans for Powell and M. Craig
McIntyre, as treasurer

Dear Mr. Powell:

Pursuant to our conversation on April 8, 1991, it is my understanding that you will be responding in writing to the Commission's reason to believe finding by the close of business, April 15, 1991.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in dark ink, appearing to read "Craig D. Reffner".

BY: Craig D. Reffner
Staff Attorney

40392296

RECEIVED
FEDERAL ELECTION COMMISSION

91 APR 12 PM 12:33

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Iowans for Powell and
M. Craig McIntyre, as treasurer

MUR 3081

SENSITIVE

COMPREHENSIVE INVESTIGATIVE REPORT

On January 17, 1991, the Commission found reason to believe that Iowans for Powell and M. Craig McIntyre, as treasurer (collectively known as the "Committee"), violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11. The basis for the Commission's finding arose from a complaint filed by Bluegrass Associates, Inc., one of the Committee's creditors, alleging that the the full amount of debt owed Bluegrass Associates had not been disclosed in disclosure reports filed with the Commission. Respondents were notified of the Commission's finding and also provided with discovery requests designed to determine the extent of reportable debt owed Bluegrass. On March 1, 1991, the Committee requested a thirty (30) day extension to respond to this Office's discovery requests and on April 3, 1991, the Respondents' response was received. Once the information submitted by the Respondents has been analyzed, this Office will submit a report with appropriate recommendations.

Lawrence M. Noble
General Counsel

Date

4/11/91

BY:


Lois G. Lerner
Associate General Counsel

Staff assigned: Craig Douglas Reffner

340892299



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

TO: LAWRENCE NOBLE
GENERAL COUNSEL

FROM: *Don* MARJORIE W. EMMONS / DONNA ROACH *DR*
SECRETARY OF THE COMMISSION

DATE: APRIL 16, 1991

SUBJECT: MUR 3081 - COMPREHENSIVE INVESTIGATIVE REPORT
DATED APRIL 11, 1991.

92040892300

The above-captioned matter was received in the
Commission Secretariat at 12:33 p.m. on April 12, 1991
and circulated on a 24-hour no-objection basis at
11:00 a.m. on Monday, April 15, 1991.

There were no objections to the above-captioned
matter.

06C 0804

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF	)	MUR 3081
	)	
	)	
	)	
	)	

RESPONDENT'S SUPPLEMENTAL MEMORANDUM OF
LAW AND REPLY TO "FACTUAL AND LEGAL ANALYSIS" OF FEC

I. INTRODUCTION

On or about July 23, 1990, M. Craig McIntyre, by and through a letter addressed to Lois Lerner, responded to a complaint submitted by Judith Rinehart on behalf of Bluegrass Associates, Inc.¹ [hereafter, Bluegrass] On or about February 15, 1991, the Federal Election Commission served a document entitled "Factual and Legal Analysis" [hereafter, Analysis] on M. Craig McIntyre. This Respondent's Memorandum of Law is to supplement M. Craig McIntyre's July 23, 1990, letter and to reply to the Analysis served on M. Craig McIntyre on or about February 15, 1991.

91 APR 19 PM 2:41

II. WAS THERE A DEBT?

The "Factual Background and Analysis" contained in the Analysis memorandum has two underlying premises: First, it states that it is unclear as to whether or not the Personal Services Contract was entered into between Bluegrass and Iowans for Powell, [hereafter, the Committee] and second, the Analysis states that since it appears that Respondent received invoices from Bluegrass, that it was required to report those invoices.

¹ Although David and Judith Rinehart have used the name, Bluegrass Associates, Inc. throughout their association with the Committee, there is no corporation on file with the Iowa Secretary of State with said name. The Rineharts do have documents on file for Bluegrass Consulting Associates, Inc.

A. PERSONAL SERVICES CONTRACT.

As should now be clear, the Personal Services Contract was executed in counterparts by both parties as indicated by M. Craig McIntyre in his July 23, 1990, letter. [See paragraph 9 of the "Mutual Release, Settlement Agreement and Covenant Not to Sue" provided in response to Interrogatory No. 3 heretobefore filed by the Committee] Further, the handwritten changes noted in the "Analysis" were part of the agreement between the parties. During a mediation session on August 8, 1990, Bluegrass read from its copy of the Personal Services Contract which contained the identical language referenced in the Analysis [See attached Affidavit of Rod Powell]. Finally, the undersigned believes that Bluegrass, through its attorney, has provided Craig Reffner of the Office of the General Counsel for the FEC with a copy of the signed counterpart.

B. BLUEGRASS INVOICES.

The pivotal issues presented in this matter is was there a debt, and if so, when was that debt required to be reported. As the Analysis correctly notes, state law governs whether an alleged debt in fact exists. See A01989-2 (citing A01975-102). This contract was executed in Iowa and, therefore, Iowa law controls. In Iowa, the intent of the parties directs the interpretation of contracts and contractual provisions. See Young v. Cedar County Work Activity Center, 418 N.W.2d 844 (Iowa 1987). In the Personal Services Contract between Bluegrass and the Committee, the reasonable expectations of the parties regarding the creation of a debt are set forth in paragraphs III.A.; III.B.1., III.B.4., III.C., and XIII.

Those provisions provide as follows:

1. Paragraph III.A.

Compensation due and owing from Powell to Bluegrass shall be based upon the fund raising receipts received by Powell.

[Emphasis added]

2. Paragraph III.B.1.

. . . If there have not been at least two thousand five hundred dollars (\$2,500.00) in net receipts, then the compensation due and owing from Powell to Bluegrass shall be adjusted accordingly. Those amounts up to the computed amount of compensation which Powell does not pay to Bluegrass because of insufficient fund raising receipts shall be noted separately as a supplemental reimbursement amount which shall become due and owing when there are sufficient fund raising receipts. Should there not be sufficient fund raising receipts to fully retire the supplemental reimbursement amount by December 15, 1990, then Bluegrass and Powell agree to negotiate a repayment schedule at that time

[Emphasis added]

3. Paragraph III.B.4.

All Bluegrass claims to the date of this contract are merged into the "supplemental reimbursement amount" terms of this contract. Said amounts and claims shall not be due until paid by Powell in accordance with Section III.B.1. of this contract.

[Emphasis added]

4. Paragraph III.C.

At no time shall any compensation due hereunder exceed moneys in the Powell bank accounts maintained at the Warren County Brenton Bank after deductions for outstanding expenses incurred during that calendar month.

[Emphasis added]

5. Paragraph XIII.

This Personal Services Contract contains the entire understanding of the Parties and is intended as the final expression of their agreement.

The parties acknowledge that they have read this contract, understand it, and agree to be bound by its terms and conditions. The Parties agree that this Personal Services Contract supersedes all proposals and prior agreements, written or oral, and all other communications between the parties.

[Emphasis added]

Further, Paragraph II.B. of the Personal Service Contract lends additional understanding to the intent of the parties when it states:

Powell and Bluegrass acknowledge and understand that the campaign contemplated herein represents high degree of risk and they are fully capable of evaluating the risk involved.

[Emphasis added]

In Mopper v. Circle Key Life Insurance Company, 172 N.W.2d 118, 124 (Iowa 1969) the Iowa Supreme Court, during the review of a personal services type contract between an insurance company and one of its agents, held:

In the interpretation of such a contract as we have here, the objective is to ascertain the meaning and intention of the parties as expressed in the language used. . . . It is the duty of the courts to give effect to the language of the contract in accordance with its plain and ordinary meaning, and not to make a new contract for the parties. . . . Courts will not resort to construction where the intent of the parties is expressed in clear and unambiguous language, and only where the language of the contract is of doubtful meaning will there be resort to rules of construction. . . . If the language of the contract is clear and unambiguous, the intention expressed therein controls . . .

[Emphasis added] See also, Pathology Consultants v. Gratton. 344 N.W.2d 428, 434 (Iowa 1984); Allen v. Highway Equipment Company, 239 N.W.2d 135, 138 (Iowa 1976).

The intent of Bluegrass and the Committee is expressed in the clear, unambiguous, and express provisions contained in Paragraphs II.B., III.A., III.B.1., III.B.4., III.C., and XIII of the Personal Services Contract. As those provisions state, the parties did not intend that there would be compensation due and owing from the Committee to Bluegrass (i.e. a "debt") until triggered by certain events -- i.e. sufficient fund raising receipts, or December 15, 1990. Indeed, that intent was manifested in the January 31, 1990, FEC Report which Judith Rinehart prepared. (See paragraph 3 of Affidavit executed by M. Craig McIntyre on or about July 23, 1990, and filed with the FEC on or after July 23, 1990.) Although Bluegrass had submitted invoices to the Committee prior to that report [see Iowans for Powell Response to Interrogatory No. 1 heretofore filed in this matter], the amounts in those statements for "Personal Services" were not listed as debts of the Committee in the report prepared by Ms. Rinehart. The purpose of those invoices, and subsequent invoices, was to ascertain the amount of the supplemental reimbursement amount, not to create a "debt" from the Committee to Bluegrass. [See paragraphs III.B.1. and III.B.4. set forth above].

As paragraphs 1.a., 2.c., 2.0., and II A-D of Schedule A indicate, Bluegrass bore responsibility for campaign fund raising. Therefore, it was entirely reasonable for the parties to agree that the amount of compensation due from the Committee to Bluegrass be tied to Bluegrass' fund raising success -- or failure.² The handwritten

² On March 7, 1990, Powell accepted the resignation of Bluegrass from the campaign management serviced portion of the contract. [See attached Affidavit of Rod Powell]. The FEC Report of Receipts and Disbursements filed on or before January 31, 1990, reflects total contributions to the committee of only \$4,067.25 for 1989. (This Report was later amended to correct earlier inaccuracies and to reflect the candidate's contribution to the campaign.) Further, the FEC Report of Receipts and Disbursements for the period of 01/01/90 through 03/31/90 reflects itemized receipts for only \$1,065.00 through time of the resignation of Bluegrass. This aggregates to approximately \$5,100.00 in fund raising receipts during a period when Bluegrass, which was contractually bound to be responsible for fund raising, had submitted invoices for nearly \$30,000.00.

addendum to paragraph III.B.1. of the Personal Services Contract set a date on which negotiations for a repayment schedule were to take place. Further, the phrase, "repayment schedule in accordance with the terms and spirit of this Personal Services Contract" must be read in conjunction with the paragraphs related to fund raising cited earlier, as well as the requirements in Schedule A. It was simply impossible to know until on or after December 15, 1990, what obligation, if any, the Committee would have to Bluegrass.

The intent of Bluegrass and the Committee was expressed in the clear, unambiguous, and express language of those paragraphs. The fact that Bluegrass may have later disagreed with the plain meaning of those paragraphs does not make those contractual provisions ineffective or ambiguous. See generally Johnson Controls, Inc. v. City of Cedar Rapids, 713 F.2d 370, 375 (8th Cir. 1983), where the Court held:

It must be remembered that our function in construing this contract is to determine the parties' intent from what they said and not from what they meant to say.

III. REPORTING REQUIREMENTS

Not only was the timing of the Bluegrass claims in dispute, but there was also a serious dispute concerning alleged Bluegrass breaches of its contract with the Committee by which it may have forfeited some rights it may have had to its claims for reimbursement for expenses and personal services. [See paragraphs 3 and 7 of the Mutual Release submitted in response to Interrogatory No. 3 heretofore filed with the Federal Election Commission]. Accordingly, if there were "debts", they were disputed debts. As the analysis notes, new FEC regulations effective in

October, 1990, have addressed and clarified how potentially non-existent "debts" such as those of Bluegrass are to be reported.³

At the time the last invoice was received by Powell from Bluegrass on May 2, 1990, [See Response to Interrogatory No. 1 heretobefore filed with the Federal Election Commission], both the statute, the regulations, and the campaign guides were silent on this issue. While the advisory opinions cited in the Analysis all addressed the issue of disputed debts, none of them involved a situation like that presented in this matter. Here the parties had contractually agreed that there would be no debt under Iowa law until December 15, 1990 -- i.e. the amounts in the supplemental reimbursement amounts were not "due and owing". Despite that contractual language, Bluegrass has unsuccessfully attempted to force the FEC to act in the role of a collection agent for amounts it had claimed from the Committee. [See attachment 1 to Affidavit of Rod Powell]. It appears that it was attempting to force the Committee to admit that it owed the amounts it was demanding. [11 C.F.R. §116.11 is now clear that the Committee has an option so as to not admit liability.]

As the Committee's response to Interrogatory No. 4 heretobefore filed with the Federal Elections Commission indicates, the conflict between the parties has now been resolved. The parties have agreed in accordance with the Personal Services that there was a debt (albeit far below the amounts claimed by Bluegrass) and that the effective date of the debt was December 15, 1990. That debt has now

³11 C.F.R. §116.11 now provides, with regard to disputed debts where the creditor had provided something of value to the Committee, that:

Until the dispute is resolved, the political committee shall disclose on the appropriate reports any amounts paid to the creditor, any amount the political committee admits it owes and the amount the creditor claims is owed.

been properly disclosed on the Committee's FEC Report for the period ending December 31, 1990.

IV. CONCLUSION

The issue now before the F.E.C. is an anomalous one -- can a potential creditor to which a political committee has no "debt" under state law breach its contract with a political committee by demanding payments for amounts which are not then due - and may never be due - and thereby generate a violation of 2 U.S.C. §434(b)(8). The scenario in this situation is unique - especially since the complainant created the problem which is now the basis for its complaint to the F.E.C. Further, the regulations governing this type of situation have clarified the reporting requirements.

Accordingly, the Committee respectfully requests that the Federal Election Commission take no further action against the Committee and against M. Craig McIntyre as Treasurer. The conflict between the parties has now been resolved and a debt, in accordance with the terms of the Personal Services Contract, has been created. Further, that debt has been disclosed on the Committee's latest FEC Report. Also, as of the time of the last Bluegrass invoice to the Committee, there was no statute, regulation, portion of the campaign guides, or advisory opinion squarely addressing the issues herein presented. Accordingly, the Committee's actions cannot be said that have violated - even inadvertently - any such provision. Finally, Judith Rinehart, the complainant, established the manner of disclosure through her participation in the preparation of the January 31, 1990, report which she now claims was unlawful. Therefore, punitive action on the part of the FEC is not warranted or appropriate, and the file should be closed with no further action.

In the alternative, the Committee is willing to explore conciliation with the FEC. Although it continues to deny wrongdoing, it believes that other than no further action on the part of the FEC, conciliation may be appropriate.

~~Respectfully submitted,~~



Rod Powell

BLACK, GOLDMAN & POWELL, P.C.
200 Liberty Building
418 Sixth Avenue
Des Moines, IA 50309
Telephone: (515) 244-0200

ATTORNEY FOR IOWANS
FOR POWELL

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true copy of the foregoing instrument was served upon each of the attorneys of record of all parties to the above-entitled cause by enclosing the same in an envelope addressed to each such attorney at his/her/their respective business address(es) as disclosed by the pleadings of record herein, with postage fully paid, and by depositing said envelope in a United States Post Office depository in Des Moines, Iowa, and by facsimile transmission on the 15th day of

April 19 91

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF

) MUR 3081
)
)
)
)

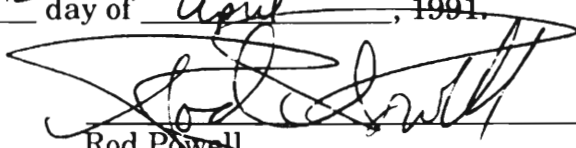
AFFIDAVIT OF ROD POWELL

COMES NOW Rod Powell, and on his oath states as follows:

1. On or about March 7, 1990, I received a letter of resignation from David and Judy Rinehart (d/b/a Bluegrass Associates, Inc.). A true and complete copy of that resignation letter is attached hereto and incorporated herein by reference as Attachment 1.

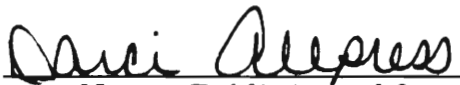
2. On or about August 7, 1990, I attended a mediation session with David and Judy Rinehart in an effort to resolve this dispute. At said mediation conference, Judy Rinehart produced a copy of which she indicated was the Bluegrass counterpart of the Personal Services Contract. She was requested and did read the handwritten portion of paragraph III.B.1 of said Contract. It was identical to that which was found on my counterpart of the personal services contract.

Subscribed and sworn this 15th day of April, 1991.


Rod Powell

Subscribed and sworn to before me, the undersigned, a Notary Public in and for said County and State, this 15th day of April, 1991.




Notary Public in and for said
County and State

Practical Grassroots Management
Bluegrass Associates, Inc.

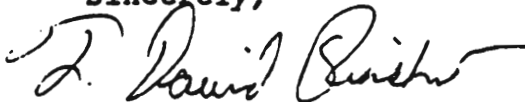
Rt. 2 Box 66 • Allerton, IA 50008 • 515-872-1220

March 8, 1990

**RE: Termination of relationship between Bluegrass Associates,
Inc. and Rod Powell, Iowans for Powell.**

As of March 9, 1990 at 5:00 pm. Bluegrass Associates, Inc. will terminate its operations in support of Rod Powell and Iowans for Powell. Reason for action is nonpayment by Rod Powell or Iowans for Powell for services performed by Bluegrass Associates, Inc. Rod Powell and Iowans for Powell should be aware that all bills to Bluegrass Associates, Inc. must be payed or else Rod Powell and Iowans for Powell are in violation of federal elections laws as understood by Bluegrass Associates, Inc. Rod Powell and Iowans for Powell are expected to make arrangements for full payment of incurred debt owed to Bluegrass Associates, Inc. within 30 days.

Sincerely,



F. David Rinehart
President

ATTACHMENT NO. 1



Practical Grassroots Management
Bluegrass Associates, Inc.

Rt. 2 Box 66 • Allerton, LA 50008 • 515-872-1220

March 13, 1990

RE: Agreement to settle Rod Powell and Iowans for Powell
account with Bluegrass Associates, Inc.

Balance due \$29351.47 plus phone expense incurred during
February through March 9.

Terms: \$5000 payable by March 16 with the balance due in equal
payments (approximately \$4060/month) due on the 15th of each
month for six months.

Acceptance of Agreement:

Date:

Rodney H. Powell/Iowans for Powell

P. David Rinehart/Bluegrass Associates, Inc



RECEIVED
F.E.C.
SECRETARIAT

THE FEDERAL ELECTION COMMISSION

92 FEB 13 PM 12:32

In the Matter of)
Iowans for Powell and) MUR 3081
M. Craig McIntyre, as treasurer)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

92040892313

This matter originated from a complaint filed by Bluegrass Consulting Associates, Inc. ("Bluegrass"), alleging that Iowans for Powell (the "Committee") failed to disclose the full amount of debt owed to Bluegrass.¹ The information contained in the complaint showed that between May 19, 1989, and May 2, 1990, Bluegrass submitted numerous invoices to the Committee, the latest of which showed a total amount due of \$29,165.86. A review of disclosure reports for the period in question revealed that the Committee reported a total debt owed to Bluegrass of no more than \$6,683.30. In response to the complaint, counsel for the Committee asserted that the undisclosed difference reflected Bluegrass' unpaid monthly management fee. According to counsel, under the terms of a contract purportedly entered into by the parties, Bluegrass' management fee would not become a "debt" for reporting purposes until December 15, 1990. See First General

1. Iowans for Powell is the authorized campaign committee for Rodney A. Powell, a candidate in the 1990 election in Iowa's Fifth Congressional District. On November 5, 1991, Rodney Powell filed a statement of candidacy for the 1992 election in Iowa's Third Congressional District, again designating Iowans for Powell as his principal campaign committee.

Counsel's Report, signed December 28, 1990, at 3-4.²

Based upon the available information, the Commission found reason to believe that the Committee and its treasurer, M. Craig McIntyre, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11. Respondents were notified of the Commission's finding and, at that time, were also provided with discovery requests from this Office. Counsel now requests that the Commission take no further action or in the alternative enter into conciliation prior to a finding of probable cause to believe. Attachment B.

II. ANALYSIS

In response to discovery, Respondents acknowledge contracting with Bluegrass for the performance of various services during the 1990 election and have produced copies of numerous invoices which they received from Bluegrass in connection with those services. Attachment A at 2 and 5-47.³

2. In response to the complaint, Respondents produced a copy of a "Personal Services Contract," which they acknowledge entering into with Bluegrass in counterparts on December 28, 1989. See General Counsel's Report, signed December 28, 1990, at Attachment A at 6-24. The exact nature of the parties' contractual relationship, however, remained unclear as the contract provided by Respondents contained several handwritten changes and bore the signature of the candidate only. *Id.* at 4. At the request of this Office, counsel for Bluegrass produced a copy of a contract, which confirms the payment terms as set forth in the contract provided by Respondents. Attachment C. Although Bluegrass' version of the contract is not signed, counsel acknowledges that Bluegrass entered into this contract with the Committee. *Id.* at 1.

3. A review of the invoices in question confirms that Bluegrass requested payment of its "Management Fee" as early as May 19, 1989, and as late as May 2, 1990. A review of these invoices further shows that during the period in question, Bluegrass also requested payment for various "Reimbursable

22040892314

040092315

Respondents also produced a copy of a document, which is identified as a "Mutual Release, Settlement Agreement, and Covenant Not to Sue." Id. at 48-51. This document, signed by representatives of both Bluegrass and the Committee in February 1991, states that it is "a compromise of disputed claims," including "claims for the reimbursement for expenses and personal services made by Bluegrass Consulting Associates, Inc. against Iowans for Powell, and for claims for breach [of contract] made by Iowans for Powell" Id. at 48. Under the terms of this agreement, which Respondents contend has an effective date of December 15, 1990, the Committee will pay Bluegrass a total of \$16,500 in "full settlement of all claims." Id. at 49.

In support of their request for no further action, Respondents reiterate their earlier argument that the unpaid management fee would not become a "debt" until December 15, 1990, a date after the election, when the parties would negotiate an amount that Bluegrass would be paid. Attachment B at 1-6. According to Respondents, the Committee's receipts were insufficient to pay Bluegrass its management fee, thus requiring the parties to negotiate an amount due. Id. Respondents contend that the \$16,500 figure reflected in the "Mutual Release, Settlement Agreement, and Covenant Not to Sue" represents the negotiated debt. Id. Respondents further note

(Footnote 3 continued from previous page)
Expenses." Attachment A at 5-47. Respondents apparently disclosed only the reimbursable expenses as their debt to Bluegrass.

that the effective date of the parties' settlement agreement is December 15, 1990, and state that the Committee disclosed the \$16,500 amount as the total amount of their debt to Bluegrass in the 1990 Year-End Report. Id. at 6-8. Arguing in the alternative, Respondents assert that if a debt did exist before December 15, 1990, then there was some dispute as to whether Bluegrass was entitled to payment, and at that time, the Act and the Commission's regulations were silent as to the reporting of disputed debts. Id.

040892316

Although a review of disclosure reports shows that Respondents began disclosing a \$16,500 debt to Bluegrass in the 1990 Year-End Report, the available information shows that prior to this time, Respondents should have disclosed the full amount claimed by Bluegrass as a disputed debt. As an initial matter, it should be noted that the Commission previously rejected Respondents' argument that the management fee claimed by Bluegrass would not become a "debt" until December 15, 1990. In addition, Bluegrass also apparently disagreed with Respondents' interpretation of when the debt in this matter arose, as evidenced by Bluegrass' allegations in the complaint that there was a debt and that Bluegrass was "pursuing all avenues in which to collect the amount owed." See Complaint, filed on June 22, 1990, at 1. In any event, regardless of any purported agreement between the parties, the available information clearly shows that Bluegrass provided services to the Committee and that the Committee received invoices from Bluegrass requesting payment for its unpaid "Management Fee."

See supra page 2. In addition, the available information shows that Respondents questioned whether Bluegrass was "entitled to payment" and the parties' settlement agreement includes the Committee's compromised claim for breach of contract. In this regard, it appears that the amount claimed by Bluegrass in its invoices was disputed and that the parties resolved that dispute when they entered into a settlement agreement, which provided for the Committee to pay Bluegrass \$16,500.

With regard to Respondents' assertion that the Act and the Commission's regulations were "silent" as to the reporting of disputed debts, Section 434(b)(8) of the Act clearly states that all debts owed by or to a political committee must be disclosed. See also 11 C.F.R. §§ 104.3 and 104.11. Although Section 116.10 of the Commission's regulations, which expressly provides for the disclosure of disputed debts, was not effective until October 3, 1990, sometime after the Respondents received their last invoice from Bluegrass, the Explanation and Justification accompanying Section 116.10 states that it was added to the Commission's regulations to "clarify the reporting of disputed debts." 55 Fed. Reg. 26378, 26385 (June 27, 1990) (emphasis added). This clarification in the Commission's regulations reflects the Commission's long-standing approach that disputed debts should be disclosed when the reporting entity has received goods or services, has been billed for such services but has not paid the full amount owed, and when the cost for such services is in dispute. See MURs 3027, 2521, 2146, 1899, 1620, 1360 and 1355. See also AO 1976-85. Thus, Respondents' argument that

they were without guidance in determining whether to disclose the full amount claimed by Bluegrass as a disputed debt is not persuasive.

Although this Office believes that Respondents' arguments should be rejected, this Office nonetheless believes that, based upon prior matters involving the same issue, the Commission should take no further action and close the file in this matter. In MUR 1899, the complainant alleged that although he had settled his claim of \$2,108 against West Virginians for Kusic by agreeing to accept \$1,000, the amount of his original claim was not disclosed. See MUR 1899, First General Counsel's Report, signed April 19, 1985, at 3-4. A review of disclosure reports confirmed that the complainant's claim was not disclosed during the 1984 election, but that the \$1,000 settlement figure was reported after the parties resolved their apparent dispute. Id. at 2. In that case, the Commission found reason to believe that the Committee and its treasurer violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3(d) and 104.11, but determined to take no further action. See also MUR 1620 (reason to believe that Section 434(b) had been violated when committee failed to disclose a former campaign worker's claims for unpaid salary, but no further action after committee filed a disclosure report showing that claims were a disputed debt).

Similarly, the matter at hand shows that Respondents did not disclose the full amount claimed by Bluegrass during the election, but have reported the agreed upon settlement amount of \$16,500 as their debt to Bluegrass. In addition, a review of

recent disclosure reports shows that Respondents have made expenditures towards decreasing the amount of their debt to Bluegrass, and, in each instance, have reported \$16,500 as the original amount of their debt. Since the public record currently shows that the Respondents are accurately reporting their debt to Bluegrass, this Office recommends that the Commission take no further action and close the file in this matter.

III. RECOMMENDATIONS

1. Decline to enter into conciliation with Iowans for Powell and M. Craig McIntyre, as treasurer, prior to a finding of probable cause to believe.
2. Take no further action and close the file.
3. Approve the appropriate letters.

Lawrence M. Noble
General Counsel

22040892319
Date

2-12-92

BY:


Lois G. Lerner
Associate General Counsel

Attachments

- A. Response to Discovery
- B. Response to the Commission's reason-to-believe finding
- C. Response from Bluegrass

Staff assigned: Craig Douglas Reffner



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DONNA ROACH *DR*
COMMISSION SECRETARY

DATE: FEBRUARY 19, 1992

SUBJECT: MUR 3081 - GENERAL COUNSEL'S REPORT
DATED FEBRUARY 12, 1992.

The above-captioned document was circulated to the
Commission on THURSDAY, FEBRUARY 13, 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	_____
Commissioner McDonald	<u>XXX</u>
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for TUESDAY, FEBRUARY 25, 1992.

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

92040892320

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3081
Iowans for Powell and)
M. Craig McIntyre, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 25, 1992, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 3081:

1. Decline to enter into conciliation with Iowans for Powell and M. Craig McIntyre, as treasurer, prior to a finding of probable cause to believe.
2. Take no further action and close the file.
3. Approve appropriate letters as recommended in the General Counsel's report dated February 12, 1992.

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

Attest:

2-28-92
Date

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



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1992

FILED

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Judith Reinhart
Bluegrass Consulting Associates, Inc.
Rt. 2 Box 66
Allerton, Iowa 50008

RE: MUR 3081
Iowans for Powell and
M. Craig McIntyre, as treasurer

Dear Ms. Reinhart:

This is in reference to the complaint you filed on behalf of Bluegrass Consulting Associates, Inc., with the Federal Election Commission on June 22, 1990, concerning Iowans for Powell and M. Craig McIntyre, as treasurer (collectively referred to as the "Committee").

Based on that complaint, on January 17, 1991, the Commission found that there was reason to believe the Committee violated 2 U.S.C. § 434(b)(8), a provision of the Federal Election Campaign Act of 1971, as amended, and 11 C.F.R. §§ 104.3 and 104.11, provisions of the Commission's regulations, and instituted an investigation of this matter. However, after considering the circumstances of this matter, the Commission determined to take no further action against the Committee, and closed the file in this matter on February 25, 1992. This matter will become part of the public record within 30 days. The Federal Election Campaign Act of 1971, as amended, allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Craig Douglas Reffner
Attorney

Enclosure
General Counsel's Report

9204032322



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 4, 1992

Rodney H. Powell, Esq.
Black, Goldman & Powell, P.C.
200 Liberty Building
418 Sixth Avenue
Des Moines, Iowa 50309-2408

RE: MUR 3081
Iowans for Powell and
M. Craig McIntyre, as treasurer

Dear Mr. Powell:

On February 12, 1991, you were notified that the Federal Election Commission found reason to believe that your clients, Iowans for Powell and M. Craig McIntyre, as treasurer, violated 2 U.S.C. § 434(b)(8) and 11 C.F.R. §§ 104.3 and 104.11. On April 15, 1991, you submitted a response to the Commission's reason-to-believe finding.

After considering the circumstances of the matter, the Commission determined on February 25, 1992, to take no further action against your clients, and closed the file. The file will be made part of the public record within 30 days. 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.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

A handwritten signature in dark ink, which appears to read "Craig Douglas Reffner", is written over the typed name.

Craig Douglas Reffner
Attorney



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3081

DATE FILMED 3/13/92 CAMERA NO. 3

CAMERAMAN TMH

22040392324