



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3093

DATE FILMED 5/4/93 CAMERA NO. 4

CAMERAMAN E.E.S.

93040942438

THE WALLACH LAW FIRM
ATTORNEYS AND COUNSELORS AT LAW
MANCHESTER/270 OFFICE CENTER
12444 POWERS COURT DRIVE, SUITE 250
ST. LOUIS, MISSOURI 63131
314-965-4050
FAX 314-965-3568

067096
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JUL 30 AM 11:09

MUR 3093

LILI J. COOPER

July 27, 1990

JEROME WALLACH AND ASSOC., P.C.

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

RE: FEC COMPLAINT AGAINST JOHN M. BAINE

Dear Sir/Madam:

I am a concerned citizen and am filing this complaint against John M. Baine, a Democratic candidate for U.S. Congress in Missouri's Second District because I believe that Mr. Baine has violated Federal election laws as well as Federal Election Commission regulations.

A review of Mr. Baine's FEC filings dated April, 1990 and June 30, 1990 reveals that contributions have been omitted and that no expenditures have been itemized. See Exhibits A and B attached hereto. Mr. Baine has occupied an office for at least four months which is located at 3905 St. Timothy Lane, St. Ann, Missouri 63074 and which is owned by C.F. Vaterott Commercial Property. The fair market rental for Mr. Baine's office space ranges between Seven Hundred Dollars (\$700.00) and Twelve Hundred Dollars (\$1,200.00) per month, yet his filings indicate no disbursement for any rental payments. Furthermore, Mr. Baine has had a telephone line installed at said office and neither the installation nor the maintenance expenditures are shown on his reports.

According to his reports, Mr. Baine made no expenditures during the period of January, 1990 thru April, 1990. He lists total operating expenditures of Three Thousand Nine Hundred Sixty-nine Dollars (\$3,969.00) for the second quarter of 1990, but fails to itemize said expenditures. There are no disbursements for salaries or contract labor or any other expenses exceeding the Two Hundred Dollar (\$200.00) limit. In addition there are computational errors in his second quarter report. Baine's bumper stickers contain the statement, "paid for by Bob and Maureen Baine", but no in-kind contribution appears on the reports that Baine has filed with the FEC.

90 JUL 30 PM 2:48

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

93040942439

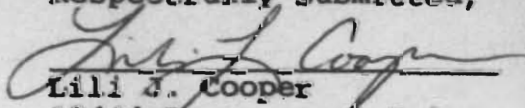
It is my information and belief that John Baine has repeatedly claimed that he had mortgaged his house and was putting \$100,000.00 (or \$50,000.00, depending on the source) into his campaign. More recently he has stated that is being financed with "family money". Several persons are prepared to sign Affidavits to this effect, if necessary. Baine's parents, Robert and Maureen Baine conveyed real property located at 23 Chaminade Drive, Creve Coeur, Missouri 63141, to John Baine and his wife, Margaret, via a quit claim deed dated April 16, 1990. See Exhibit C attached hereto. On April 19, 1990, Baine executed a deed of trust on the aforesaid property in the amount of One Hundred Sixty-seven Thousand Five Hundred Dollars (\$167,500.00). See Exhibit D attached hereto. If these funds are loaned to Baine or his election committee, they will be an illegal contribution because John Baine did not own the property in January, 1990 when he filed for Federal office.

John Baine has made the statement to both the St. Louis Post-Dispatch and the Congressional Quarterly that he "plans to spend up to \$50,000 of family money" for his campaign. See Exhibits E and F attached hereto. FEC regulations restrict the contributions to a Federal candidate by a family member, including spouses, to One Thousand Dollars (\$1,000.00).

Finally, John Baine failed to file quarterly reports in the office of the Missouri Secretary of State as required by Missouri law.

Whether by mistake or design, John Baine has repeatedly violated both the Federal Election laws, FEC regulations, and Missouri law.

Respectfully submitted,


Lili J. Cooper
12444 Powerscourt Drive
Suite 250
St. Louis, Missouri 63131

Subscribed and sworn to before me this 27th day of July, 1990.


Pamela S. Davis
Notary Public

My Commission Expires:

PAMELA S. DAVIS
NOTARY PUBLIC STATE OF MISSOURI
JEFFERSON COUNTY
MY COMMISSION EXP JULY 24, 1993

93040942440

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT Form 5, 10-1-60

NAME OF CONTRIBUTOR (or)
John A. Baker, Jr., Congress Committee

DATE
10/10/60

VI CONTRIBUTIONS AND RECEIPTS

(a) Individuals/Persons Other Than Political Committees		
(1) General (see Schedule A)		
(2) Unrestricted		
(3) Total of contributions from individuals		
(b) Political Party Committees		
(c) Other Political Committees (such as PACs)		
(d) The Candidate		
(e) TOTAL CONTRIBUTIONS other than loans (add 11(a), (b), (c) and (d))		<i>5270</i>

VII TRANSFERS FROM OTHER AUTHORIZED COMMITTEES

(a) Made or Guaranteed by the Candidate		
(b) All Other Loans		
(c) TOTAL LOANS (add 12(a) and (b))		

VIII OFFSETS TO OPERATING EXPENDITURES (Refunds, Returns, etc.)

(a) OTHER RECEIPTS (Dividends, Interest, etc.)		
(b) TOTAL RECEIPTS (add 11(e), 12, 13(a), 14 and 15)		<i>5270</i>

IX DISBURSEMENTS

17. OPERATING EXPENDITURES		
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES		
19. LOAN REPAYMENTS:		
(a) Of Loans Made or Guaranteed by the Candidate		
(b) Of All Other Loans		
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))		
20. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees		
(b) Political Party Committees		
(c) Other Political Committees (such as PACs)		
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))		
21. OTHER DISBURSEMENTS		
22. TOTAL DISBURSEMENTS (add 17, 18, 19(a), 20(d) and 21)		

X CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTED PERIOD		<i>\$ 600</i>
24. TOTAL RECEIPTS THIS PERIOD (from Line 19)		<i>\$ 5270</i>
25. SUBTOTAL (add Line 23 and Line 24)		<i>\$ 5870</i>
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)		<i>\$ 0</i>
27. CASH ON HAND AT CLOSE OF THE REPORTED PERIOD (subtract Line 26 from 25)		<i>\$ 5870</i>

SCHEDULE A

ITEMIZED RECEIPTS

Use separate schedule for each category of the Standard Receipts Page

FOR LINE NUMBER

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

NAME OF COMMITTEE TO FILE

John M. Gaine For Congress Committee *00240747*

A. Full Name, Mailing Address and ZIP Code

Alvey Barrett
812 Maryland Ave
St. Louis Mo 63105

Receipt For: ☒ Primary ☐ General
☐ Other (specify):

Name of Employer

Alvey Barrett

Date (month, day, year)

3/20/90

Amount of Cash Received this Period

Aggregate Year-to-Date *> \$100*

B. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

C. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

D. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

E. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

F. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

G. Full Name, Mailing Address and ZIP Code

Name of Employer

Date (month, day, year)

Amount of Cash Received this Period

Occupation

Receipt For: ☐ Primary ☐ General
☐ Other (specify):

Aggregate Year-to-Date *> \$*

SUBTOTAL of Receipts This Page (optional)

700

TOTAL This Period (list page this line number only)

700

40942443

03713910317

Fed. Elec. Comm.

00014035240

Name of Candidate James M. ...
City, State and ZIP Code 63105
Chapter No. 110 Incl
Is this report for a campaign? ☐ YES ☒ NO

TYPE OF REPORT

☐ April 15 Quarterly Report
☒ July 15 Quarterly Report
☐ October 15 Quarterly Report
☐ January 31 Year End Report
☐ July 31 Mid-Year Report (Election Year Only)
☐ Termination Report
This report contains activity for: ☒ Primary Election ☐ General Election ☐ Special Election ☐ Recall Election

SUMMARY

	COLUMN A This Period	COLUMN B Calendar Year-to-Date
5. Covering Period <u>3/31/90</u> through <u>6/30/90</u>		
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(a))	3869	9639
(b) Total Contribution Refunds (from Line 11(b))	0	0
(c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))	3869	9639
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17)	3969	3969
(b) Total Offsets to Operating Expenditures (from Line 14)	0	0
(c) Net Operating Expenditures (subtract Line 7(b) from 7(a))	3969	9969
8. Cash on Hand at Close of Reporting Period (from Line 27)	3408	
9. Debts and Obligations Owed TO the Committee (Report all on Schedule C and/or Schedule D)	0	
10. Debts and Obligations Owed BY the Committee (Report all on Schedule C and/or Schedule D)	0	

For further information contact:
Federal Election Commission
900 E Street, NW
Washington, DC 20463
Toll Free 800-424-9600
Local 202-376-3100

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

Type or Print Name of Treasurer August A. Busch Jr.
Signature of Treasurer [Signature]
Date 7/14/90

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

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

FEC FORM 3
(revised 4/87)

EXHIBIT
B

UNITED STATES
of RECEIPTS AND DISBURSEMENTS
Page 2, PDS FORM 27

C00240747

Major Committee or Candidate		Report Covering the Period	From	To
Johnson, Baine For Congress		Column A	Column B	
C00240747 RECEIPTS		Total This Period	Calendar Year To Date	
II. CONTRIBUTIONS (other than loans)				
(a) Individuals/Persons Other Than Political Committees				
(b) Bonded (see Schedule A)				
(c) Unbonded				
(d) Total of contributions from individuals				
(e) Political Party Committees				
(f) Other Political Committees (such as PACs)				
(g) The Candidate				
(h) TOTAL CONTRIBUTIONS (other than loans) (add 11(a), (d), (e) and (g))				
12 TRANSFERS FROM OTHER AUTHORIZED COMMITTEES				
13 LOANS				
(a) Made or Guaranteed by the Candidate				
(b) All Other Loans				
(c) TOTAL LOANS (add 13(a) and (b))				
14 OFFSETS TO OPERATING EXPENDITURES (Refunds, Refunds, etc.)				
15 OTHER RECEIPTS (Dividends, Interest, etc.)				
16 TOTAL RECEIPTS (add 11(a), 12, 13(a), 14 and 15)		3869	9639	
III. DISBURSEMENTS				
17 OPERATING EXPENDITURES		3969	384	
18 TRANSFERS TO OTHER AUTHORIZED COMMITTEES				
19 LOAN REPAYMENTS				
(a) Of Loans Made or Guaranteed by the Candidate				
(b) Of All Other Loans				
(c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))				
20 REFUNDS OF CONTRIBUTIONS TO:				
(a) Individuals/Persons Other Than Political Committees				
(b) Political Party Committees				
(c) Other Political Committees (such as PACs)				
(d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))				
21 OTHER DISBURSEMENTS		23.62	2362	
22 TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)		6331	6331	

III. CASH SUMMARY

23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD	\$	5870	23
24. TOTAL RECEIPTS THIS PERIOD (from Line 16)	\$	3869	24
25. SUBTOTAL (add Line 23 and Line 24)	\$	9739	25
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)	\$	6331	26
27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)	\$	3408	27

9071403-241

Any information reported from this form should not be used for any purpose for the purpose of collecting contributions or for determining purposes, other than using the information provided on any political committee to collect contributions from such contributors.

NAME OF CONTRIBUTOR TO THIS PAGE: **John M. Baine For Congress** **C00240747**

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Service Employees Union PAC 44108 Linden Blvd ST. LOUIS MO 63103	Service Employees Int. Union AFL-CIO	June 1990	\$1500
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General	Occupation	Aggregate Year-to-Date > \$	
<input type="checkbox"/> Other (specify):			

SUBTOTAL of Receipts This Page (optional) **500**

TOTAL This Period (Use page this line number only) **500**

9001403:242

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on MARCH 30, 1990. The grantor is ROBERT F. BAIR, JR. AND NAUREEN R. BAIR, HUSBAND AND WIFE ("Borrower"). The trustee is CHARLES E. WOLFE ("Trustee"). The beneficiary is CENTRAL BANK OF THE STATE OF MISSOURI, which is organized and existing under the laws of THE STATE OF MISSOURI, and whose address is PO BOX 60066 ("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED SIXTEEN THOUSAND AND NO/100 Dollars (U.S. \$ 116,000.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments with the full date, if not paid earlier, due and payable on APRIL 9, 2005. This Security Instrument agrees to Lender: (a) the repayment of the debt evidenced by the Note, with interest, and all taxes, assessments and penalties; (b) the payment of all other sums, with interest, advanced under paragraph 7 to Lender in connection with this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably assigns and conveys to Trustee, in trust, with power of sale, the following described property located in ST. LOUIS, County, Missouri:

LOT 22 OF CHANDLER PARK, ACCORDING TO THE PLAT THEREOF RECORDED IN
BOOK 8731 PAGE 1883 IN THE ST. LOUIS COUNTY RECORDER'S OFFICE.

which has the address of LOT 22 OF CHANDLER PARK, ST. LOUIS, Missouri.

Missouri 63114 ("Property Address");

TOGETHER WITH all the improvements, now or hereafter erected on the property, and all easements, rights, appurtenances, water, electricity, gas, sewer, all other rights and profits, water rights and such and all fixtures now or hereafter part of the property. All improvements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT provides uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to conform to uniform security instruments covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayments and late charges due under the Note.
2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments for due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may relate prior to this Security Instrument; (b) yearly household payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items. (CONTINUED ON NEXT PAGE)

QUIT CLAIM DEED (Individual)

TWO DEED, Made and entered into this 16th day of April, 1990, by and between
ROBERT P. BAINE, JR., and MAUREEN P. BAINE, his wife,

of the County of St. Louis State of Missouri party or parties of the first part, and
JOHN M. BAINE and MARGARET MARY BAINE, his wife

whose postoffice address is 23 Chaminade Drive, Creve Coeur, Missouri 63141

of the County of St. Louis State of Missouri party or parties of the second part.

WITNESSETH, that the said party or parties of the first part, for and in consideration of the sum of One Dollar and other valuable considerations paid by the said party or parties of the second part, the receipt of which is hereby acknowledged, does or do by these presents REMISE, RELEASE AND FOREVER QUIT CLAIM unto the said party or parties of the second part, the following described Real Estate in the County of St. Louis and State of Missouri, to-wit:

Lot 23 of Chaminade Park, according to the plat thereof recorded in Plat Book 34 Page 59 of the St. Louis County Records.

Subject to Deeds of Trust and Restrictions of Record.

TO HAVE AND TO HOLD the same, together with all rights and appurtenances to the same belonging, unto the said party or parties of the second part, and to the heirs and assigns of such party or parties forever. So that neither the said party or parties of the first part, nor their heirs, nor any other person or persons for them or in their name or behalf, shall or will hereafter claim or demand any right or title to the aforesaid premises, or any part thereof, but they and every one of them shall, by these presents, be excluded and forever barred.

IN WITNESS WHEREOF, the said party or parties of the first part has or have hereunto set their hand or hands the day and year first above written.

Robert P. Baine, Jr.
 Robert P. Baine, Jr.

Maureen P. Baine
 MAUREEN P. BAINE

STATE OF MISSOURI, ss. On this 16th day of April, 1990, before me personally appeared
 COUNTY of ST. LOUIS ROBERT P. BAINE, JR., and MAUREEN P. BAINE,
 to me known to be the person or persons described in and who executed the foregoing instrument, and
 acknowledged that they executed the same as their free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal
 the County and State aforesaid, the day and year first above written.

My term expires

[Signature]
 Notary Public
 My Commission Expires December 31, 1991

1338741 NCL 1053



DANIEL T. O'LEARY
RECORDER OF DEEDS
ST. LOUIS COUNTY MISSOURI
41 SOUTH CENTRAL - CLAYTON, MO 63105

R.J. McMahon, Jr.
Director of Revenue



RECORDER OF DEEDS DOCUMENT IDENTIFICATION & CERTIFICATION SHEET

DOCUMENT NO. (SHOWN ON THE 1st PAGE OF
INSTRUMENT, AND ALSO
AT THE FOOT OF THIS PAGE.

STATE OF MISSOURI SS
COUNTY OF ST. LOUIS

90 APR 16 PM 2:38

RECORDER OF DEEDS
ST. LOUIS COUNTY, MO.

STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

I, the undersigned Recorder of Deeds for said county and State, do hereby certify that the foregoing and annexed instrument of writing was filed for record in my office at the time and on the day, month and year, all as same appears hereon, and is truly recorded in the book and at the pages indicated on said instrument.

In witness whereof I have hereunto set my hand and official seal on the same day, month and year stamped and shown above.

Daniel T. O'Leary
Recorder of Deeds
St. Louis County, Missouri

By *[Signature]*
Deputy Recorder



___ N.P.
___ N.P.C.
___ N.N.C.
___ N.N.I.

BOOK 8741 PAGE 1054

END OF DOCUMENT
Do Not Remove This Page

POSTAGE \$

RECORDING
FEES

DOCUMENT \$
STATE USER \$ 4.00

TOTAL \$

000490 APR 16 1990

CLT 156367

DEED OF TRUST

THIS DEED OF TRUST ("Security Instrument") is made on APRIL 19, 1990. The grantor is JOHN M. BAINE AND MARGARET M. BAINE, aka Margaret Mary Baine HUSBAND AND WIFE ("Borrower"). The trustee is W. DONALD DUBAIL ("Trustee"). The beneficiary is AMERICAN BANK OF ST. LOUIS, which is organized and existing under the laws of THE STATE OF MISSOURI, and whose address is 1731 S. BROADWAY, ST. LOUIS, MO 63104 ("Lender"). Borrower owes Lender the principal sum of ONE HUNDRED SIXTY-SEVEN THOUSAND FIVE HUNDRED AND NO/100 Dollars (\$ 167,500.00). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on APRIL 19, 1993. This Security Instrument secures to Lender (a) the repayment of the debt evidenced by the Note, with interest, and all renewals, extensions and modifications, (b) the payment of all other sums, with interest, advanced under paragraph 7 to protect the security of this Security Instrument, and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in ST. LOUIS County, Missouri:

LOT 23 OF CHAMINADE PARK, ACCORDING TO THE PLAT THEREOF RECORDED IN PLAT BOOK 34 PAGE 59 OF THE ST. LOUIS COUNTY RECORDS.

225

which has the address of 23 CHAMINADE, ST. LOUIS, Missouri 63141. ("Property Address")

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents, royalties, mineral, oil and gas rights and profits, water rights and stock and all fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. Funds for Taxes and Insurance. Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note, until the Note is paid in full, a sum ("Funds") equal to one-twelfth of: (a) yearly taxes and assessments which may attain priority over this Security Instrument; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard insurance premiums; and (d) yearly mortgage insurance premiums, if any. These items are called "escrow items." Lender may estimate the Funds due on the basis of current data and reasonable estimates of future escrow items. (CONTINUED ON NEXT PAGE)

BOOK 8751 PAGE 1959

EXHIBIT D

93040942450

NEWS ANALYSIS

SUNDAY, JULY 8, 1990

SECT

Democratic Rivals Split On Abortion

☆☆☆☆☆☆☆☆

ELECTION '90
CONGRESS

By Mark Schlinkmann
Regional Political Correspondent

ABORTION SEEMS to be the biggest fault line in the relatively quiet Democratic primary race in the 2nd Congressional District between Joan Kelly Horn and John M. Baine.

Horn, 53, is the Clayton Township Democratic committeewoman and co-owner of a political and consulting firm. She is a longtime advocate for abortion rights.

She formerly headed the Missouri Women's Political Caucus and the Freedom of Choice Council here — both active on the abortion-rights side of the controversy.

Baine, 30, an investment broker, is just as firmly in the anti-abortion camp.

He has the support in the primary of Missouri Citizens for Life. The group probably will back incumbent Rep. Jack Buechner, R-Kirkwood, in the general election no matter whom the Democrats pick.

Horn, of Ladue, and Baine, of Creve Coeur, each claims to have the best shot at defeating Buechner, who has no GOP primary opposition.

The two say they're undaunted by



Joan Kelly Horn
Backs abortion rights

Buechner's landslide victory over Democrat Bob Feigenbaum in 1988. Only two years earlier Buechner narrowly unseated Democratic Rep. Robert A. Young.

"The times seem to have changed a little bit for people," Horn said. "Maybe government isn't so bad, maybe government has a role, maybe we do need some standards for



John M. Baine
Opposes abortion

child care and family leave."

Another choice for 2nd District Democratic voters in the primary Aug. 7 will be Lelf O. Johnson, an organizer for political extremist Lyndon H. LaRouche Jr.

Party leaders view Johnson, 49, of Webster Groves, as a long shot for the nomination. He did not return telephone calls to his home last

week.

Horn says she isn't making abortion rights a centerpiece of her campaign, but she believes the majority of voters in the district agree with her stand.

"The final decision [on abortion] should be left to people," Horn said. "It's not something politicians and government should do."

Baine, in turn, contends that his anti-abortion views are more in line with the Democratic Party establishment in Missouri — and thus the Democratic voting public here.

Republicans nationally are more identified with the anti-abortion movement. But it was the Democratic-dominated Missouri Legislature that passed the abortion restriction upheld by the U.S. Supreme Court last year in Webster vs. Reproductive Health Services. The ruling sent the issue back to the states.

Baine says Horn's support for abortion rights allies her with a national Democratic leadership that Baine claims is too liberal for 2nd District voters. Residents of the 2nd District voted heavily for GOP presidential candidates in recent years. The district takes in much of north and west St. Louis County and the city of St. Charles.

"The Democratic Party on the national level gave you Carter, Mondale and Dukakis, and the 2nd District overwhelmingly gave you Reagan, Reagan and Bush," Baine said.

See CONGRESS, Page 4

93040942451

EXHIBIT

E

Congress

From page one

When told that Baine referred to her views as akin to an "East Coast liberal mentality," Horn replied: "I've lived in Missouri all my life. I don't even know what that means."

Horn and Baine both say they will work for legislation benefiting families. Government, Horn said, must take the initiative to deal with "rising cost of taxes, child care, tuition, health care and housing."

Baine is handing out brochures trumpeting his support for what he calls the three E's — employment, education and the environment.

But he says he would be less likely to spend the "peace dividend" — money freed up by defense cuts — on social programs than would Horn and Democratic House members from St. Louis, such as Majority Leader Richard A. Gephardt and William L. Clay.

Baine says much of any such savings should be used to reduce the budget deficit.

In response, Horn said that although she wants to try to restore educational and social programs cut in the Reagan era, she realizes that much of any peace dividend will be eaten up by the savings and loan bailout.

Despite Baine's claim of relating better to grass-roots Democrats in the district, Horn has been able to get the endorsements of most of the official Democratic township organizations in the district.

Such groups have relatively little vote-delivery clout anymore, but candidates in primaries still seek them as evidence of party backing.

Horn also is supported by the state and St. Louis labor councils. But Baine has been able to pick off endorsements from two member unions — the Service Employees International Union and the American Federation of State, County and Municipal Employees.

Horn's campaign also is better financed, with about \$150,000 raised by last week. Baine says he's got only about \$5,100 in outside contributions but expects to spend about \$50,000 when his own family's expenses are counted.

He says that will be enough to pay for the mailings and radio ads he feels he needs to

make the race competitive in the crucial final month of the campaign. Horn has no plans for any radio or TV pitches before the primary, holding her heavy fire for Buechner.

In fact, from the day she formally kicked off her campaign in November, Horn has more or less ignored Baine.

For example, Horn says Buechner isn't a team player with other members of Congress from the area.

"Time and again, the incumbent is the only member of St. Louis' delegation to Congress — Republican or Democrat — who does not get behind efforts to bring needed federal funds to the St. Louis area," Horn said then.

She was referring to Buechner's criticism of Metro Link, the federally financed light-rail line, and pending plans to expand Lambert Field into residential areas of Bridgeton.

Baine joins Horn in supporting light rail. The two have somewhat differing positions on Lambert, however.

Horn is in favor of St. Louis' expansion proposal and a proposal for a "head tax" on passenger tickets to help pay for the expansion and for work at other airports around

the nation. Baine says he would support expansion only if four conditions can be met.

His conditions:

- Trans World Airlines would have to assure him that it would keep a major hub operation here.

- Jobs at Lambert would not be cut.

- Bridgeton residents evicted would get compensation as now planned.

- Local governments would be reimbursed for property tax losses due to the Bridgeton buy-outs.

Baine said he'd back a head tax only if a portion was allocated to local governments near airports.

Horn and Baine both say they would push for laws that spur more employment, including laid-off workers in the aerospace industry, improve education and clean up or make as secure as possible the hazardous waste sites in the district.

Baine says he supports the recently defeated constitutional amendment to make flag burning illegal. Horn says she opposes it because she does not want to "interfere with the Bill of Rights."

On other issues:

- Family leave: Both said they supported

the congressional compromise vetoed by President George Bush, but Baine would have liked it amended to relax the standards a bit for smaller companies.

- National health insurance: Horn wants to move toward such a federal program. Baine opposes that, saying private programs will improve as the economy revitalizes.

Baine and Horn both have some family connections to politics.

Horn's husband, E. Terrence Jones, is a political science professor and administrator at the University of Missouri at St. Louis and is Horn's partner in the polling firm.

Horn and Jones were in the news in 1985 when the city of Ladue sued them because they were at the time violating a city ordinance prohibiting an unmarried man and woman from living together. The two married in 1987, although they said court rulings in Ladue's favor were unrelated to the timing of their marriage.

Baine's father, Robert P. Baine Jr., is a former chairman of the St. Louis County Election Board and an unsuccessful Democratic nominee for attorney general and the state Senate.

9 3 0 4 0 4 9 4 2 5 2

MISSOURI

Democrats Seek To Regain Seats and Strength

The party is likely to pick aggressive challengers for 2nd and 8th District Republicans

Missouri has become a prime example of trickle-down Republicanism in recent years. Once one of the most Democratic states outside the South, Missouri now has a Republican governor and two GOP senators. The party's strength in the House delegation, which was as low as one seat in the mid-1970s, is now up to four of Missouri's nine.

Democratic hopes this year are focused on winning back two of the seats — the suburban St. Louis 2nd District, which Republican Jack Buechner won in 1986 from Democratic Rep. Robert A. Young, and the 8th in rural southeast Missouri, where Republican Bill Emerson ousted Democrat Bill D. Burlison in 1980.

Neither Republican looks particularly vulnerable at this point, but Democrats will likely choose an aggressive challenger for each in the Aug. 7 primary. In the 8th, that almost certainly will be Russ Carnahan, 32, son of the state's Democratic lieutenant governor.

In the 2nd, Joan Kelly Horn of Ladue is running the most visible campaign and is expected to win the Democratic nomination. Her main competitor is John M. Baine, 30, a Creve Coeur stockbroker. Rounding out the Democratic field is Leif O. Johnson, 49, of Webster Groves, an organizer for Lyndon H. LaRouche Jr.

Johnson is a political unknown; neither Horn or Baine has won elective office. But Horn, 53, has a clear edge over her rivals in political experience.

With her husband, the dean of arts and sciences at the University of Missouri-St. Louis, Horn operates a re-

By Rhodes Cook

Missouri House Candidates

District	Democrat	Republican
1	William L. Clay *	Kyle Z. Knight Joseph A. Schwan Wayne G. Piotrowski
2	John M. Baine Joan Kelly Horn Leif O. Johnson	Jack Buechner *
3	Richard A. Gephardt * Nicholas F. Clement	Wallace Anderson Malcolm L. Holekamp Bernard L. Mazurkiewicz Paul G. Stein
4	Ike Skelton *	David Eyerly
5	Alan Wheat * Gus Dubbert	Robert H. Gardner Joyce Lea Joseph A. Privitera
6	John Gallagher Bob McClure	E. Thomas Coleman * Don R. Sartain
7	Thomas Patrick Deaton William Jacobs	Mel Hancock * Ray Eaton Jim Mundy
8	Francis L. Brokaw Thad Bullock Russ Carnahan	Bill Emerson *
9	Harold L. Volkmer *	Don Curtis Ken Dudley

* Incumbent

search and polling firm that has worked for a number of campaigns, including those of Young and Missouri's Democratic Rep. Richard A. Gephardt. Horn also has been a member of the Missouri Democratic state committee and has headed the Missouri Women's Political Caucus.

Her political contacts have helped her win endorsements from St. Louis Mayor Vincent Schoemehl, the Missouri state Labor Council and most of the 16 township Democratic clubs in the 2nd. Gephardt has not publicly stated his backing, but Horn hopes for his active support after the primary.

Meanwhile, she is running a classic grass-roots campaign, setting up phone banks and sending targeted direct-mail appeals to large constituency

groups, such as union households, teachers, senior citizens, local party workers and abortion rights activists, all of whom are expected to be major players in the Democratic primary.

Yet while her organizing has been aimed at the primary electorate, her rhetorical fire has been focused almost exclusively on Buechner.

She has criticized the incumbent for taking government-sponsored trips abroad and says she would pay for any "genuine fact-finding mission" out of her House salary. She accuses Buechner of being a Johnny-come-lately to the drug war — a charge Buechner maintains is based on a selective review of his votes. Horn also pledges to donate the recently approved House pay raise to "worthwhile programs" such as preventing teenagers from using drugs and rehabilitating them.

Also, she suggested this spring that Buechner "should be doing a sit-in or chaining himself to the door" of the Environmental Protection Agency to better secure the storage of World War II-era nuclear waste at the St. Louis airport (Lambert Field), which is in the 2nd District.

Buechner dismissed Horn's advice as reflecting a lack of understanding of the legislative process. "Chaining myself to a door might make a point," Buechner was quoted as saying in the St. Louis Post-Dispatch, "but it doesn't solve anything." He has introduced legislation to ask the

Department of Energy to remove the nuclear waste to a less-populated area outside metropolitan St. Louis.

Yet while Horn is campaigning as though she already has the Democratic nomination, she is keeping a wary eye on Baine, who is trying to ride the district's most volatile issue — abortion — to an upset victory in the primary.

Horn supports abortion rights; Baine is anti-abortion and has the backing in the primary of the Missouri Citizens for Life, the largest anti-abortion organization in the state.

With its large German Catholic population, the St. Louis area has been a hotbed of anti-abortion activity for more than a decade. And in building congressional careers in the 2nd

District, both Young and Buechner held to an anti-abortion stance.

Baine has used Horn's pro-abortion-rights position to launch a general attack on her as a national Democrat who is more in tune with an "East Coast liberal mentality" than with her more conservative peers in the Missouri Democratic Party.

Baine is known to political insiders as the son of a former chairman of the St. Louis County Election Board. But like Horn, he is not widely known to district voters. Any chance he has to win the primary probably rests on his willingness to follow through with plans to spend up to \$50,000 of family money for a primary-eve direct-mail and radio advertising effort.

For now, Horn has a big edge. She has more money, more endorsements and a more visible campaign than Baine. Her supporters are optimistic that the Supreme Court's *Webster v. Reproductive Health Services* decision last year will activate the pro-abortion-rights forces in the 2nd, just as it has in many other parts of the country.

And they hope that the opposition of anti-abortion Democrats can be overcome by their desire to see a Democrat regain the House seat.

But Horn is concerned about the possibility of a low turnout. Barely 30,000 voted in the 1988 Democratic primary in the 2nd, and the turnout will probably be no higher this year.

Roundup of Other Primaries

There is little suspense to the Democratic contest in the 8th District. To challenge Emerson, Democrats will almost certainly nominate Carnahan, a young lawyer from Rolla whose principal attribute is his prominent political name. His father, Lt. Gov. Mel Carnahan, is a likely Democratic gubernatorial aspirant in 1992 and is the Democrats' only statewide elected officeholder. His grandfather, A. S. J. Carnahan, represented the 8th in Congress for seven terms before losing in the 1960 Democratic primary.

The young Carnahan faces nominal opposition in the Aug. 7 primary from Francis L. Brokaw, a truck driver from Sullivan, and Thad Bullock, 73, the owner of a Cape Girardeau piano store who has run unsuccessfully for the Democratic House nomination four times since 1968.

Four House members also face nominal primary opposition, including Majority Leader Gephardt. He is being challenged in the Democratic pri-

mary in the St. Louis-area 3rd District by Nicholas F. Clement, 36, a LaRouche supporter.

Other House members with primary competition are Democrat Alan Wheat in the 5th and Republicans E. Thomas Coleman in the 6th and Mel Hancock in the 7th. All four are expected to win easily in the primary and general elections.

Gephardt Looking Strong

Republicans hoped to give Gephardt a difficult race this year. He annoyed the Bush administration with a speech in March that accused Bush of fashioning a foreign policy "without vision, without imagination, without a guiding light, save precious public opinion polls."

White House spokesman Marlin Fitzwater reacted by calling Gephardt the "Maxwell Smart of American politics," a reference to the bumbling spy on the old "Get Smart" TV show. More ominously, Republican National Committee Chairman Lee Atwater warned that Gephardt would soon be in for a big surprise.

What Atwater apparently meant was a challenge from Stephen F. Doss, at the time a member of the St. Louis Election Board, whom national and state GOP officials recruited to run against Gephardt with broad hints that he would be guaranteed a hefty campaign treasury.

But at the same time Doss was being lured into the race, a number of St. Louis County Republicans were lining up behind Malcolm L. "Mack" Holekamp, 58, a former Webster Groves City Council member. Both filed for the GOP primary and, after several weeks of finger-pointing, Doss quit the race in April and later accepted appointment as St. Louis license collector.

Holekamp has declared himself ready to take on the Democrats' "No. 1 Bush-whacker." But he shares Gephardt's pro-abortion-rights stance, and GOP interest in the race has appeared to diminish with Doss's withdrawal.

While Holekamp is expected to win the GOP primary, he is not home free. The Missouri Citizens for Life group has endorsed Wallace "Wally" Anderson, 60, a real estate broker from Webster Groves, who finished third in the six-way GOP primary in 1988.

Also on this year's Republican primary ballot are Bernard L. Mazurkiewicz, 60, a graphic arts consultant from Affton, and political unknown Paul G. Stein from Kirkwood. ■

CAMPAIGN NOTES

New Mexico

New Mexico state Treasurer James Lewis said July 6 he will not seek a recount of his June 5 loss to Secretary of State Rebecca Vigil-Giron in the 1st District Democratic primary. She will now face GOP Rep. Steven H. Schiff.

Lewis said an independent audit of the primary returns conducted by his campaign showed only a 10-vote discrepancy in the 265-vote margin the state canvassing board certified June 26.

Arizona

Arizona's 1990 congressional elections will be bittersweet for Democrats as 2nd District Rep. Morris K. Udall makes his last campaign swing. Udall, a 14-term veteran who is battling Parkinson's disease, said in May that he would retire after the 102nd Congress.

Two Republicans hope to send him home sooner. Joseph Sweeney, a law professor who got 27 percent against Udall in 1988, and Alberto Rodriguez, a former state liquor department chief, met the June 28 filing deadline.

First District GOP Rep. John J. Rhodes III has a Sept. 11 primary against state Sen. John Wrzesinski, who has criticized President Bush and Vice President Dan Quayle for endorsing Rhodes before the primary. No Democrat filed in the 1st.

The state's three other GOP House members — Bob Stump, Jon Kyl and Jim Kolbe — have nominal November opposition.

CORRECTIONS

House Races Overview. Weekly Report, p. 2137, chart. Indiana Rep. Philip R. Sharp turns 48 on July 15.

P. 2140, map. The lines for Maryland's 1st District incorrectly included the Virginia peninsula.

P. 2142, map. Hawaii's 1st, a vulnerable GOP-held district, should be shaded dark gray. California's 36th, a vulnerable Democratic-held seat, should be dark green.

Connecticut. Weekly Report, p. 2146. A photo of Rep. John G. Rowland, R-Conn., should have appeared. ■



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 3, 1990

Lili J. Cooper
12444 Powerscourt
Suite 250
St. Louis, Missouri 63131

RE: MUR 3093

Dear Ms. Cooper:

This letter acknowledges receipt on July 30, 1990, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by John M. Baine. The respondents will be notified of this complaint within five days.

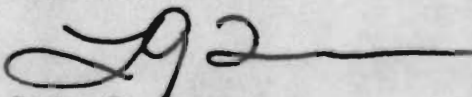
You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3093. 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

93040942455



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 3, 1990

John M. Baine for Congress Committee
August A. Busch, Jr., Treasurer
c/o Robert P. Baine, Jr.
225 S. Meramel
Suite 1025
Clayton, MO 63105

RE: MUR 3093

Dear Mr. Busch:

The Federal Election Commission received a complaint which alleges that the John M. Baine for Congress Committee and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3093. 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.

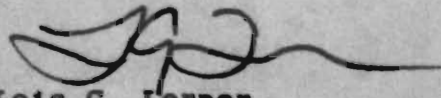
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

93040942456

If you have any questions, please contact Michael Marinelli, the attorney assigned to this matter at (202) 376-6200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY:

Lois G. Lerner
Associate General Counsel

Enclosures

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

93040942457



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 3, 1990

John M. Baine
225 S. Meramel
Clayton, MO 63105

RE: MUR 3093

Dear Mr. Baine:

The Federal Election Commission received a complaint which alleges that you 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 3093. 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.

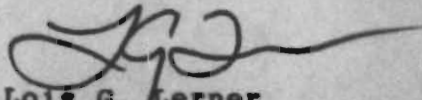
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

93040942458

If you have any questions, please contact Michael Marinelli, 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

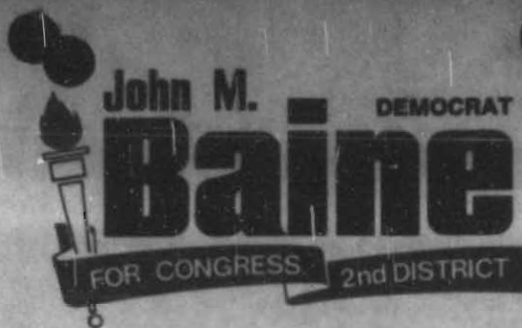


BY: Lois G. Lerner
Associate General Counsel

Enclosures

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

93040942459



06C 7452

RECEIVED
FEDERAL ELECTION COMMISSION
WASHINGTON

90 AUG 15 AM 10:04

August 10, 1990

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

Re: MUR 3093

Dear Mr. Noble:

In response to the above-captioned matter, on Tuesday, July 31, 1990, I held a press conference in response to the complaint of Lili Cooper. A copy of the press release is enclosed, which fully explains the allegations in her letter. My campaign headquarters was occupied under a lease, a copy of which is attached. I am further attaching the Notice from the Missouri Election Commission that my campaign has complied with the requirements of the State of Missouri with regard to financial matters to the date of the election. We will be filing a final election report within the time required by law or such extended time as may be required if billing for expenses is not complete.

It is my understanding that my father has filed a complaint with the Bar Ethics Committee concerning the activities of The Wallach Law Firm and particularly in regard to Lili Cooper because of the insinuation in the letter by Lili Cooper dated July 27, 1990, that my father who is an attorney either violated or intended to violate the laws of the State of Missouri and the United States by committing a property transfer subterfuge.

If you should need further information, I will be happy to supply it to you. My campaign treasurer, Mr. August A. Busch, Jr., would not have any knowledge of the facts in the allegation since they did not occur and he would not have been a party thereto.

The foregoing and attached facts are submitted under oath.

John M. Baine
John M. Baine

Subscribed and sworn to before me this 10th day of August, 1990.

ARTHUR J. HARRIS, NOTARY PUBLIC

St. Louis County, Missouri

My Commission Expires December 14, 1992

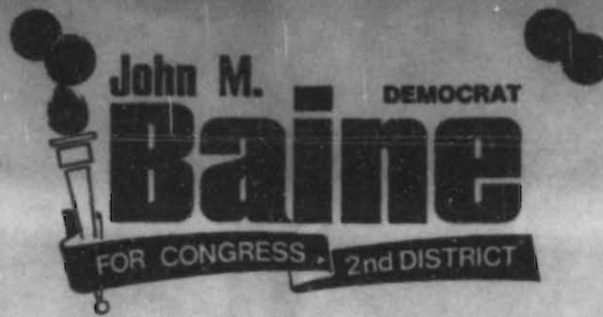
Notary Public

3905 St. Timothy Lane * St. Ann, Missouri 63074 * (314) 429-6600

Paid for by John M. Baine for Congress Committee * August A. Busch, Treasurer

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 AUG 15 PM 12:05

9304942460



July 31, 1990

I AM MAKING AVAILABLE COPIES OF MY CAMPAIGN DIS-
CLOSURES WHICH HAVE BEEN FILED AND WHICH I BELIEVE
FULLY COMPLY WITH THE REQUIREMENTS OF BOTH FEDERAL
AND STATE LAW. IT IS MY UNDERSTANDING THAT MY
COMPLIANCE WITH FEDERAL REQUIREMENTS COMPLIES WITH
MISSOURI LAW AS LONG AS COPIES OF MY FEDERAL
DOCUMENTS ARE FILED WITH THE STATE AND, AS YOU CAN
SEE, THEY HAVE BEEN.

THE MORE SERIOUS ISSUE IS THE LACK OF COMPETENCY
ON THE PART OF MS. HORN IN DOING HER HOMEWORK AND
SELECTING HER STAFF. SHE OBVIOUSLY WANTED TO
DAMAGE MY REPUTATION, BUT SHE DID NOT GET THE
DOCUMENTS TO EXPLAIN HER ACCUSATION BECAUSE THOSE
DOCUMENTS DO NOT EXIST.

93040942462

I PURCHASE MY HOME IN 1987. THE LENDER, MERCANTILE BANK, REQUIRED THAT THE LOAN BE IN THE NAME OF MY PARENTS BECAUSE OF MY AGE AT THAT TIME. THE TERM OF THAT LOAN WAS THREE YEARS AND NEEDED TO BE REFINANCED IN APRIL OF THIS YEAR. AT THAT TIME, AMERICAN BANK AGREED THAT THE LOAN COULD BE MADE IN MY NAME AND MY PARENTS QUITCLAIMED THE PROPERTY TO ME SO THAT COULD BE DONE. ALL OF THE PAYMENTS ON BOTH THE MERCANTILE LOAN AND THE AMERICAN BANK LOAN HAVE BEEN MY RESPONSIBILITY AND CONTINUE TO BE SO.

MS. HORN IS THE CANDIDATE WHO HAS FLAUNTED HER ABILITY TO RAISE AND SPEND MONEY ON HER CAMPAIGN FROM HER PRO ABORTION RESOURCES. I HAVE ALWAYS SAID THAT I COULD MATCH HER SPENDING IF NECESSARY, BUT I HAVE NOT FELT OBLIGATED TO DO SO.

93040942463

MS. HORN WANTED A TEXAS PRIMARY BLOOD BATH THAT
WOULD HAVE DIVIDED IRRECONCILABLY THE PARTY IN THE
SECOND DISTRICT. I HAVE ALWAYS BELIEVED THAT THE
MESSAGE OF MY CAMPAIGN WAS CLEAR TO THE VOTERS OF
THE DISTRICT AND THAT EDUCATION, EMPLOYMENT,
HEALTH CARE AND THE ENVIRONMENT WERE THE ISSUES
THOSE WHO CARED FOR FAMILY VALUES WOULD ENDORSE.
I BELIEVE THAT I HAVE ACCOMPLISHED WHAT I STARTED
OUT TO DO AND WE ARE CONTINUING OUR EFFORTS UNTIL
7:00 P.M. ELECTION DAY.
ANY QUESTIONS?



ROY D. BLUNT
SECRETARY OF STATE

STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE
JEFFERSON CITY 65102

314/751- 2460

August 2, 1990

Mr. August A. Busch, Jr. Treas.
John M. Baine for Congress
225 S. Meramel, Suite 1025
Clayton, MO 63105

Gayla Thomas
Director
Campaign Reporting

This will acknowledge receipt of the following for a

☒ Candidate, or

☐ Committee

☐ Registration Form and
Statement of Organization

☐ Amended Report

☐ April 15 Report

☐ Termination Report

☒ July 15 Report

☐ Alternative Monthly Report

☐ October 15 Report

☐ July 31 Mid-Year Report
(Non-election Year Only)

☐ Annual Report

☐ Other _____

and ☒ 12 day Before Primary Report

☐ 30 Day After _____ Report

The above report(s) have been received and filed in this office.

Sincerely,

ROY D. BLUNT
Secretary of State

Terry Ann DeLong
Federal Reports Specialist

93040942464



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 29, 1990

Charles F. Vatterott Commercial Properties, Inc.
c/o C.F. Vatterott Management Company
10449 St. Charles Rock Road
St. Ann, Missouri 63074

RE: MUR #3093

Dear Sir or Madam:

The Federal Election Commission received a complaint which alleges that Charles F. Vatterott Commercial Properties, Inc. may have violated of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR #3093. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. 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 Office of the General Counsel, 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.

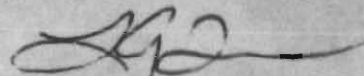
This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed 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.

93040942465

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures

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

93040942466

CHARLES F. VATTEROTT COMMERCIAL
PROPERTIES, Inc.

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

06C 8590
RECEIVED
FEDERAL ELECTION COMMISSION
90 NOV -8 AM 10:15

November 5, 1990

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

Re: MUR #3093- FEC complaint against John M. Baine

Dear Ms. Lerner:

This letter is in response to your correspondence dated October 29, 1990 and received in our office on November 1, 1990.

The office space in question that was occupied by Mr. John Baine was, in fact, covered by an executed lease with us for the period 2/20/90 through 8/12/90. A copy of said lease is enclosed.

We have not received payment from Mr. Baine, and I have enclosed a copy of our invoice that was forwarded to Mr. Baine on August 17, 1990 notifying him that his account was past due.

I trust this information will demonstrate to the commission that we have acted in good faith and have not violated the Federal Election Campaign Act of 1971.

If you need any additional information, please do not hesitate to let me know.

Sincerely,



Gregory B. Vatterott
President

GBV/mh

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 NOV -8 PM 1:08

CF VATTEROTT
FAMILY OF COMPANIES SINCE 1949

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314 427-4000

8/17/90

I N V O I C E

TO: John M. Baine

FOR: 3905 St. Timothy Lane
Lease Agreement
Rental Due 2/20/90 - 8/12/90

2/20/90 - 2/28/90 Rent Pro Rated	\$ 58.14
3/01/90 - 7/30/90 \$180.90/month @ 5 mos.	904.50
8/01/90 - 8/12/90 Rent Pro Rated	72.36

TOTAL PAST DUE	<u>\$ 1,035.00</u>
----------------	--------------------

PAYABLE IN FULL DUE UPON RECEIPT

(Send to the Attention of B. Vegovisch)

OF VALIEROIT

FAMILY OF COMPANIES SINCE 1919

91 JAN 17 AM 11:12

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

MUR #3093
DATE COMPLAINT
RECEIVED BY OGC:
July 30, 1990
DATES OF NOTIFICATION
TO RESPONDENTS:
August 3, 1990
October 25, 1990
STAFF MEMBER:
Dodie C. Kent

COMPLAINANT: Lili J. Cooper

RESPONDENTS: John M. Baine
John M. Baine For Congress Committee and
August A. Busch, Jr., as Treasurer
Charles F. Vatterott Commercial Properties, Inc.
Maureen Baine
Robert Baine, Jr.

RELEVANT STATUTES AND REGULATIONS:

2 U.S.C. § 434(b)(8)
2 U.S.C. § 439(a)(1)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441b(a)
2 U.S.C. § 441b(b)(2)
11 C.F.R. § 104.11
11 C.F.R. § 110.10(b)(1)

I. GENERATION OF MATTER

This matter was generated by a complaint filed by Lili J. Cooper alleging that John M. Baine, a Democratic candidate for U.S. House of Representatives from Missouri's Second District, violated the Federal Election Campaign Act of 1971, as amended (the "Act"). The complaint alleges that John Baine failed to report certain contributions and completely failed to itemize any expenditures on his campaign's April

93040942469

1990 and July 1990 quarterly reports. The complaint further alleges that Baine's committee accepted an illegal contribution in the form of real property and/or the proceeds from a loan against that property, accepted prohibited in-kind contributions from a corporation and failed to file copies of his quarterly reports with Missouri's Secretary of State.¹

The Office of the General Counsel notified John Baine, the John M. Baine For Congress Committee and its treasurer August A. Busch, Jr., and Charles F. Vatterott Commercial Properties, Inc. of the administrative complaint. John Baine personally responded to the allegations on Committee stationery. Attachment 1. Charles F. Vatterott Commercial Properties, Inc. also responded through its President, George B. Vatterott. Attachment 2. No additional responses were submitted on behalf of the other respondents.

II. FACTUAL AND LEGAL ANALYSIS

A. Excessive Contribution

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for

1. The complaint also alleges computational errors on the July Quarterly report. At this time, this Office finds no such errors on the face of that report. However, the Committee did file an amendment to that report because they had neglected to include a \$1,250.00 donation from a political committee, as well an additional \$500.00 in operating expenditures and an itemized list of disbursements.

Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Furthermore, no individual may make contributions aggregating more than \$25,000 in any calendar year. Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989 and filed said statement on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property. Baine does not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claims that the \$167,500 was personal

93040942471

funds. See Attachment 1 at 3. As discussed below, however, the property did not constitute John Baine's "personal funds" at the time he became a candidate. Thus, it appears that Baine's parents made an excessive contribution to the campaign, at least to the extent that Baine was able to use the property as collateral to obtain the mortgage proceeds.

93040942472
Although Baine maintains that he purchased the property in 1987, i.e. prior to becoming a candidate for Federal office and that the title was placed in his parents' name merely to satisfy the lender, this claim appears to be without merit. Baine contends that the original lender, Mercantile Bank, required that title be in the name of Baine's parents because of Baine's age in 1987 (he was twenty-seven years old). The term of the 1987 loan to his parents, according to Baine, was three years and required refinancing in April 1990. At that time, American Bank agreed that a loan could be made in Baine's name, and Robert and Maureen Baine deeded the property to John Baine for that purpose. Baine further maintains that all mortgage payments on both loans were always his responsibility. However, not only was John Baine clearly past the age of majority, and thus clearly capable of holding the property in his own name (and entering into a mortgage arrangement), but Baine has submitted no documentation whatsoever to support this claim. In this regard, there is no evidence that Baine contributed at all towards the mortgage payments on the original loan.

Legal title to the subject property was unquestionably in the name of Robert and Maureen Baine on the day John Baine

declared his candidacy for Federal office. Even if John Baine has a equitable interest in the subject realty, as Baine claims, nothing before us indicates that Robert and Maureen Baine granted their son a legal right of access to or control over the premises. Respondents have provided no evidence that the arrangement was anything more than an unenforceable oral understanding. Hence, the loan proceeds do not meet the definition of "personal funds." See 11 C.F.R. § 110.10(b)(1). This Office, therefore, recommends that the Commission find reason to believe that Maureen and Robert Baine made an excessive contribution to the John M. Baine For Congress Committee in the amount of \$165,500² in violation of 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3). Furthermore, this Office recommends that the Commission find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting this excessive contribution. Due to his personal involvement in the transaction, this Office recommends that the Commission find reason to believe that John Baine, as the Committee's agent, likewise violated 2 U.S.C. § 441a(f) by accepting the excessive contribution from his parents.

B. Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any

2. This sum reflects the amount of the mortgage proceeds less the \$1,000 permissible contribution from each of Baine's parents. See 2 U.S.C. 441a(a). According to Committee reports, Robert and Maureen made no other contributions to Baine's campaign, or at least none that were itemized.

93040942473

corporation to make a contribution or expenditure in connection with any election to Federal office. For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John Baine himself supplied us states that the rent to be paid was \$180.90 per month. Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at 180.90 per month. See Attachment 2 at 1. According to the corporate lessor, none of this rent has been paid. Id. While the lease did not state a payment due date, an invoice stating that the rent was past due was sent to Mr. Baine on August 17, 1990, nearly a week after the term of the lease ended and approximately six (6) months after the agreement was executed.³ To date, there is no indication that the lessor has taken any further action to procure payment. Furthermore, the complaint

3. The lessor forwarded an invoice to John Baine on August 17, 1990 notifying him that his account was past due and requesting immediate payment of One Thousand Thirty Five Dollars (\$1,035). The rent due reflects \$58.14 for the partial month of February; \$180.90 per March, April, May, June and July; and \$72.36 for the partial month of August. See Attachment 2 at 2.

alleges that the fair market rental value for Baine's office space during the time period involved was between \$700 and \$1,200 per month. Thus, a prohibited in-kind corporate contribution allegedly occurred. Although the complaint clearly raised the question of discounted rent, none of the respondents addressed this issue. Hence, even if C.F. Vatterott collects the rent past due, the question of whether the rent charged was commercially reasonable remains.

Based on the foregoing, this Office recommends that the Commission find reason to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a) by making a series of prohibited corporate in-kind contributions to candidate John M. Baine and his Committee. The sum of these illegal contributions ranged up to \$1,200 per month, depending on the actual fair market rental value of the leased premises and the validity of the committee's debt to the corporation. This Office further recommends that the Commission find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer violated 2 U.S.C. §441b(a) by knowingly accepting a prohibited corporate contribution.

C. Reporting

Pursuant to 2 U.S.C. § 434(a)(1), the treasurer of a political committee must file reports of receipts and disbursements. The total amount of all contributions from persons other than political committees must be reported. 2 U.S.C. § 434(b)(2)(A). Any contributor whose contribution(s) has an aggregate amount or value in excess of \$200.00 within the

93040942475

calendar year must be identified. See 2 U.S.C. § 434(b)(3)(A). Yet, Baine's second quarterly report, due July 15, 1990, did not disclose Robert and Maureen Baine's April 19, 1990 contribution of the property and/or loan proceeds.

Furthermore, pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by the political committee during the reporting period must be disclosed. The regulations further state that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. 11 C.F.R. § 104.11(b). Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction. Id.

Furthermore, any debts and obligations owed by or to a political committee which remain outstanding must be continuously reported until extinguished. 11 C.F.R. § 104.11(a). In addition, where a debt or obligation of a political committee is settled for less than its reported amount or value, a statement in the report must detail the circumstances and conditions under which the debt or obligation was extinguished. 2 U.S.C. § 434(b)(8).

John Baine's campaign headquarters was occupied under a month-to-month lease, commencing February 20, 1990 and ending no later than November 10, 1990. As previously discussed, Baine occupied the leased premises from February 20, 1990 until August 12, 1990 and made no rent payments during that period. See Attachment 2 at 1. Even assuming that the lease arrangement

93040942476

was a valid debt, not a corporate contribution, the John M. Baine For Congress Committee's July 1990 Quarterly report, reflected no outstanding debts, when in fact the Baine Committee was indebted by at least \$781.04, the total amount of rent owed through June 4.⁴

Therefore, this Office recommends that the Commission find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 434(b)(8) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in one calendar year, and failing to disclose the the amount and nature of the committee's outstanding debts.⁵

D. Simultaneous State Filings

In accordance with the Act, quarterly reports are due on the fifteenth day of the following month, and pre-election reports are due no later than the 12th day before any election. See 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii). A copy of each report required to be filed under the Act must duly be filed by

4. While the campaign owed at least \$239.04 in rent as of March 31, 1990, that amount was outstanding less than sixty days. This latter amount, therefore, need not have been disclosed on the April 1990 Quarterly report.

5. Complaint further alleges that various contributions and expenditures should have been itemized.

93040942477

the same deadlines with the Secretary of State (or the equivalent State officer) of the appropriate state. See 2 U.S.C. § 439(a)(1). In the instant case, the Missouri primary was held on August 7, 1990. Thus, copies of the committee's April, July and pre-primary reports were required to have been filed no later than April 15, July 15 and July 26, 1990, respectively.

In response to the complaint's allegation that the Committee was not in compliance with 2 U.S.C. § 439(a)(1), John Baine supplied a statement from the Office of Secretary of State of Missouri. See Attachment 1. The document, dated August 2, 1990, acknowledges receipt of the July quarterly report and the pre-election report. It does not, however, acknowledge receipt of the April quarterly report. Indeed, the Office of Missouri's Secretary of State indicated that, as of October 3, 1990, Baine's committee had not yet filed a copy of its April quarterly report with that office. That office further clarified that only an amendment to the July quarterly was filed with them on August 2, 1990; the original July quarterly was never filed in that office. As of December 17, 1990, the Office of Secretary of State of Missouri disclosed that the status of John Baine's reports remained the same.

Based on the foregoing, this Office recommends that the Commission find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 439(a)(1) by failing to file copies of its April and July quarterly reports with the Missouri Secretary of

93040942478

State and filing the pre-election report with that office seven days late.

III. PROPOSED DISCOVERY

If the Commission finds reason to believe that Robert and Maureen Baine violated 2 U.S.C. §441a(a)(1)(A), Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. 441b(a), and the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a) (in addition to the various reporting violations discussed above), we will request documents regarding the original conveyance of the property in question to Robert and Maureen Baine in 1987, as well as the subsequent conveyance of the property to John Baine in 1990. We will also request documents and correspondence pertaining to the original mortgage arrangement with Mercantile Bank, together with those concerning the subsequent mortgage agreement with American Bank. We will also seek these documents from the bank, if necessary. Additionally, we will request all documents relating to the Baine campaign's occupation of the office space leased from C.F. Vatterott Commercial Properties, Inc..

III. RECOMMENDATIONS

1. Find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8), 439(a)(1), 441a(f) and 441b(a).
2. Find reason to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a).
3. Find reason to believe that Robert Baine violated 2 U.S.C. § 441a(a)(1)(A).
4. Find reason to believe that Maureen Baine violated

93040942479

2 U.S.C. § 441a(a)(1)(A).

5. Find reason to believe that John M. Baine violated 2 U.S.C. § 441a(f).
6. Approve the appropriate letters and the attached Factual and Legal Analyses.

Date

1/16/91

Lawrence M. Noble
General Counsel

Attachments

1. John M. Baine's Response
2. C.F. Vatterott Commercial Property, Inc.'s Response
3. Factual and Legal Analyses (3).

93040942480

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

John M. Baine; John M. Baine)
For Congress Committee and)
August A. Busch, Jr., as)
Treasurer;)

MUR 3093

Charles F. Vatterott)
Commercial Properties, Inc.;)
Maureen Baine;)
Robert Baine, Jr.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 22, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3093:

1. Find reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8), 439(a)(1), 441a(f) and 441b(a).
2. Find reason to believe that Charles F. Vatterott Commercial Properties, Inc., violated 2 U.S.C. § 441b(a).
3. Find reason to believe that Robert Baine violated 2 U.S.C. § 441a(a)(1)(A).
4. Find reason to believe that Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A).

(Continued)

93040942481

5. Find reason to believe that John M. Baine violated 2 U.S.C. § 441a(f).
6. Approve the appropriate letters and the Factual and Legal Analyses, as recommended in the General Counsel's Report dated January 16, 1991.

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

Attest:

Jan 23, 1991
Date

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

Received in the Secretariat: Thurs., Jan. 17, 1991 11:12 a.m.
Circulated to the Commission: Thurs., Jan. 17, 1991 4:00 p.m.
Deadline for vote: Tues., Jan. 22, 1991 4:00 p.m.

dr

93040942482



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 21, 1991

John M. Baine For Congress Committee
and August A. Busch, as Treasurer
c/o Robert P. Baine, Jr.
225 S. Meramel
Suite 1025
Clayton, MO 63105

RE: MUR 3093
John M. Baine For Congress
Committee and August A.
Busch, as treasurer

Dear Mr. Busch:

On August 3, 1990, the Federal Election Commission notified the John M. Baine For Congress Committee ("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 forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by John M. Baine, the Commission, on January 22, 1991, found that there is reason to believe the Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8), 439(a)(1), 441a(f) and 441b(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find document requests which require responses within 15 days of receipt of this letter.

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

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

93040942483

John M. Baine For Congress Committee
August A. Busch, Jr., Treasurer
MUR 3093
Page Two

conciliation.

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

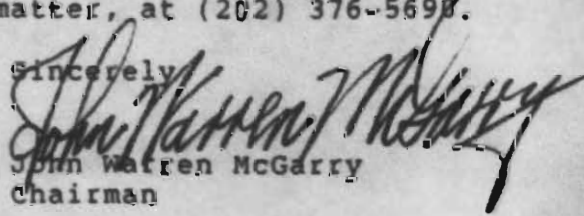
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5698.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Designation of Counsel Form
Factual & Legal Analysis

93040942484

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)

MUR 3093

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: The John M. Baine For Congress Committee and
August A. Busch, Jr., as treasurer
c/o Robert P. Baine, Jr.
225 S. Meramel
Suite 1025
Clayton, MO 63105

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.

93040942485

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.

The discovery requests refer to the time period(s) indicated.

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.

93040942486

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.

93040942487

DOCUMENT REQUESTS

1. Produce all documents which in any way relate or refer to the 1987 purchase and transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from the previous owner(s) to Robert and Maureen Baine

2. Produce all documents which in any way relate or refer to the 1990 transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from Robert and Maureen Baine to John and Margaret Baine.

3. Produce all documents which any way relate or refer to any other agreements or understandings made between Robert and/or Maureen Baine and John Baine concerning the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri.

4. Produce all documents which in any way relate or refer to the 1987 mortgage arrangement with Mercantile Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

5. Produce all documents which in any way relate or refer to 1990 mortgage arrangement with American Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

6. Produce all documents which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee.

93040942488

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: John M. Baine For Congress Committee MUR: 3093
and August A. Busch, Jr., as treasurer

John M. Baine

A. Excessive Contribution

Pursuant to the Federal Election Campaign Act of 1971, as amended (the Act), all persons are limited to contributions not to exceed \$1,000, in the aggregate, with respect to any election for Federal office. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Furthermore, no individual may make contributions aggregating more than \$25,000 in any calendar year. Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act as having received the contribution or loan, or as having

93040942489

made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989 and filed said statement on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property. Baine does not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claims that the \$167,500 was personal funds. See Attachment 1 at 3. As discussed below, however, the property did not constitute John Baine's "personal funds" at the time he became a candidate. Thus, it appears that Baine's parents made an excessive contribution to the campaign, at least to the extent that Baine was able to use the property as collateral to obtain the mortgage proceeds.

Although Baine maintains that he purchased the property in 1987, i.e. prior to becoming a candidate for Federal office and that the title was placed in his parents' name merely to satisfy the lender, this claim appears to be without merit. Baine contends that the original lender, Mercantile Bank, required that title be in the name of Baine's parents because of Baine's age in 1987 (he was twenty-seven years old). The term of the 1987 loan, according to Baine, was three years and required refinancing in April 1990. At that time, American

93040942490

Bank agreed that a loan could be made in Baine's name, and Robert and Maureen Baine deeded the property to John Baine for that purpose. Baine further maintains that all mortgage payments on both loans were always his "responsibility." However, not only was John Baine clearly past the age of majority, and thus clearly capable of holding the property in his own name (and entering into a mortgage arrangement), but Baine has submitted no documentation whatsoever to support this claim. In this regard, there is no evidence that Baine contributed at all towards the mortgage payments on the original loan.

Legal title to the subject property was unquestionably in the name of Robert and Maureen Baine on the day John Baine declared his candidacy for Federal office. Even if John Baine has a equitable interest in the subject realty, as Baine claims, nothing before us indicates that Robert and Maureen Baine granted their son a legal right of access to or control over the premises. Respondents have provided no evidence that the arrangement was anything more than an unenforceable oral understanding. Hence, the loan proceeds do not meet the definition of "personal funds." See 11 C.F.R. § 110.10(b)(1). Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting an excessive

93040942491

contribution in the amount of \$165,000.¹ Due to his personal involvement in the transaction, there is reason to believe that John Baine, as the Committee's agent, likewise violated 2 U.S.C § 441a(f) by accepting the excessive contribution from his parents.

B. Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John Baine himself supplied us states that the rent to be paid was \$180.90 per month. Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at 180.90 per month. See Attachment 2 at 1. According to the

1. This sum reflects the amount of the mortgage proceeds less the \$1,000 permissible contribution from each of Baine's parents. According to the Committee reports, Robert and Maureen Baine made no other contributions to Baine's campaign, or at least none that were itemized.

93040942492

93040942493
corporate lessor, none of this rent has been paid. Id. While the lease did not state a payment due date, an invoice stating that the rent was past due was sent to Mr. Baine on August 17, 1990, nearly a week after the term of the lease ended and approximately six (6) months after the agreement was executed.² To date, there is no indication that the lessor has taken any further action to procure payment. Furthermore, the complaint alleges that the fair market rental value for Baine's office space during the time period involved is between \$700 and \$1,200 per month. Thus, a prohibited in-kind corporate contribution allegedly occurred. Although the complaint clearly raised the question of discounted rent, none of the respondents addressed this issue. Hence, even if C.F. Vatterott collects the rent past due, the question of whether the rent charged was commercially reasonable remains.

Thus, there is reason to believe that that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer violated 2 U.S.C. §441b(a) by knowingly accepting a prohibited corporate contribution. The sum of these illegal contributions ranged up to \$1,200 per month, depending on the actual fair market rental value of the leased premises and the validity of the committee's debt to the corporation.

2. The lessor forwarded an invoice to John Baine on August 17, 1990 notifying him that his account was past due and requesting immediate payment of One Thousand Thirty Five Dollars (\$1,035). The rent due reflects \$58.14 for the partial month of February; \$180.90 per March, April, May, June and July; and \$72.36 for the partial month of August. See Attachment 2 at 2.

C. Reporting

Pursuant to 2 U.S.C. § 434(a)(1), the treasurer of a political committee must file reports of receipts and disbursements. The total amount of all contributions from persons other than political committees must be reported. 2 U.S.C. § 434(b)(2)(A). Any contributor whose contribution(s) has an aggregate amount or value in excess of \$200.00 within the calendar year must be identified. See 2 U.S.C. § 434(b)(3)(A). Yet, Baine's second quarterly report, due July 15, 1990, did not disclose Robert and Maureen Baine's April 19, 1990 contribution of the property and/or loan proceeds.

Furthermore, pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by the political committee during the reporting period must be disclosed. The regulations further state that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. 11 C.F.R. § 104.11(b). Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction. Id. Furthermore, any debts and obligations owed by or to a political committee which remain outstanding must be continuously reported until extinguished. 11 C.F.R. § 104.11(a). In addition, where a debt or obligation of a political committee is settled for less than its reported

93040942494

amount or value, a statement in the report must detail the circumstances and conditions under which the debt or obligation was extinguished. 2 U.S.C. § 434(b)(8).

John Baine's campaign headquarters was occupied under a month-to-month lease, commencing February 20, 1990 and ending no later than November 10, 1990. As previously discussed, Baine occupied the leased premises from February 20, 1990 until August 12, 1990 and made no rent payments during that period. See Attachment 2 at 1. Even assuming that the lease arrangement was a valid debt, not a corporate contribution, the John M. Baine For Congress Committee's July 1990 Quarterly report, reflected no outstanding debts, when in fact the Baine Committee was indebted by at least \$781.04, the total amount of rent owed through June 4.³

Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 434(b)(8) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in one calendar year, and failing to disclose the the amount and nature of the

3. While the campaign owed at least \$239.04 in rent as of March 31, 1990, that amount was outstanding less than sixty days. This latter amount, therefore, need not have been disclosed on the April 1990 Quarterly report.

93040942495

committee's outstanding debts.⁴

D. Simultaneous State Filings

In accordance with the Act, quarterly reports are due on the fifteenth day of the following month, and pre-election reports are due no later than the 12th day before any election. See 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii). A copy of each report required to be filed under the Act must duly be filed by the same deadlines with the Secretary of State (or the equivalent State officer) of the appropriate state. See 2 U.S.C. § 439(a)(1). In the instant case, the Missouri primary was held on August 7, 1990. Thus, copies of the committee's April, July and pre-primary reports were required to have been filed no later than April 15, July 15 and July 26, 1990, respectively.

In response to the complaint's allegation that the Committee was not in compliance with 2 U.S.C. § 439(a)(1), John Baine supplied a statement from the Office of Secretary of State of Missouri. See Attachment 1. The document, dated August 2, 1990, acknowledges receipt of the July quarterly report and the pre-election report. It does not, however, acknowledge receipt of the April quarterly report. Indeed, the Office of Missouri's Secretary of State indicated that, as of October 3, 1990, Baine's committee had not yet filed a copy of

4. Complaint further alleges that various contributions and expenditures should have been itemized.

93040942496

its April quarterly report with that office. That office further clarified that only an amendment to the July quarterly was filed with them on August 2, 1990; the original July quarterly was never filed in that office. As of December 17, 1990, the Office of Secretary of State of Missouri disclosed that the status of John Baine's reports remained the same.

Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 439(a)(1) by failing to file copies of its April and July quarterly reports with the Missouri Secretary of State and filing the pre-election report with that office seven days late.

93040942497



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 21, 1991

John M. Baine
225 S. Meramel
Clayton, MO 63105

RE: MUR 3093
John M. Baine

Dear Mr. Baine:

On August 3, 1990, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on January 22, 1991, found that there is reason to believe that you violated 2 U.S.C. § 441a(f), a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find document requests which require responses within 15 days of receipt of this letter.

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

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

93040942498

John M. Baine
MUR 3093
Page Two

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

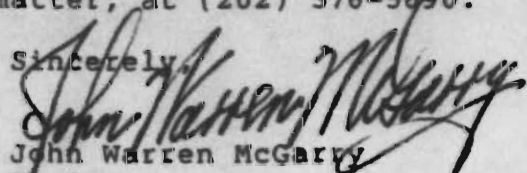
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,


John Warren McGarvey
Chairman

Enclosures
Questions
Designation of Counsel Form
Factual & Legal Analysis

93040942499

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)
)
MUR 3093

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: John M. Baine
225 S. Meramel
Clayton, MO 63105

93040942500
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.

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.

The discovery requests refer to the time period(s) indicated.

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.

93040942501

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.

93040942502

DOCUMENT REQUESTS

1. Produce all documents which in any way relate or refer to the 1987 purchase and transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from the previous owner(s) to Robert and Maureen Baine

2. Produce all documents which in any way relate or refer to the 1990 transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from Robert and Maureen Baine to John and Margaret Baine.

3. Produce all documents which any way relate or refer to any other agreements or understandings made between Robert and/or Maureen Baine and John Baine concerning the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri.

4. Produce all documents which in any way relate or refer to the 1987 mortgage arrangement with Mercantile Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

5. Produce all documents which in any way relate or refer to 1990 mortgage arrangement with American Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

6. Produce all documents which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee.

93040942503

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: John M. Baine For Congress Committee MUR: 3093
and August A. Busch, Jr., as treasurer

John M. Baine

A. Excessive Contribution

Pursuant to the Federal Election Campaign Act of 1971, as amended (the Act), all persons are limited to contributions not to exceed \$1,000, in the aggregate, with respect to any election for Federal office. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Furthermore, no individual may make contributions aggregating more than \$25,000 in any calendar year. Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act as having received the contribution or loan, or as having

93040942504

made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989 and filed said statement on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property. Baine does not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claims that the \$167,500 was personal funds. See Attachment 1 at 3. As discussed below, however, the property did not constitute John Baine's "personal funds" at the time he became a candidate. Thus, it appears that Baine's parents made an excessive contribution to the campaign, at least to the extent that Baine was able to use the property as collateral to obtain the mortgage proceeds.

Although Baine maintains that he purchased the property in 1987, i.e. prior to becoming a candidate for Federal office and that the title was placed in his parents' name merely to satisfy the lender, this claim appears to be without merit. Baine contends that the original lender, Mercantile Bank, required that title be in the name of Baine's parents because of Baine's age in 1987 (he was twenty-seven years old). The term of the 1987 loan, according to Baine, was three years and required refinancing in April 1990. At that time, American

93040942505

Bank agreed that a loan could be made in Baine's name, and Robert and Maureen Baine deeded the property to John Baine for that purpose. Baine further maintains that all mortgage payments on both loans were always his "responsibility." However, not only was John Baine clearly past the age of majority, and thus clearly capable of holding the property in his own name (and entering into a mortgage arrangement), but Baine has submitted no documentation whatsoever to support this claim. In this regard, there is no evidence that Baine contributed at all towards the mortgage payments on the original loan.

Legal title to the subject property was unquestionably in the name of Robert and Maureen Baine on the day John Baine declared his candidacy for Federal office. Even if John Baine has a equitable interest in the subject realty, as Baine claims, nothing before us indicates that Robert and Maureen Baine granted their son a legal right of access to or control over the premises. Respondents have provided no evidence that the arrangement was anything more than an unenforceable oral understanding. Hence, the loan proceeds do not meet the definition of "personal funds." See 11 C.F.R. § 110.10(b)(1). Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting an excessive

93040942506

contribution in the amount of \$165,000.¹ Due to his personal involvement in the transaction, there is reason to believe that John Baine, as the Committee's agent, likewise violated 2 U.S.C § 441a(f) by accepting the excessive contribution from his parents.

B. Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John Baine himself supplied us states that the rent to be paid was \$180.90 per month. Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at 180.90 per month. See Attachment 2 at 1. According to the

1. This sum reflects the amount of the mortgage proceeds less the \$1,000 permissible contribution from each of Baine's parents. According to the Committee reports, Robert and Maureen Baine made no other contributions to Baine's campaign, or at least none that were itemized.

93040942507

93040942508
corporate lessor, none of this rent has been paid. Id. While the lease did not state a payment due date, an invoice stating that the rent was past due was sent to Mr. Baine on August 17, 1990, nearly a week after the term of the lease ended and approximately six (6) months after the agreement was executed.² To date, there is no indication that the lessor has taken any further action to procure payment. Furthermore, the complaint alleges that the fair market rental value for Baine's office space during the time period involved is between \$700 and \$1,200 per month. Thus, a prohibited in-kind corporate contribution allegedly occurred. Although the complaint clearly raised the question of discounted rent, none of the respondents addressed this issue. Hence, even if C.F. Vatterott collects the rent past due, the question of whether the rent charged was commercially reasonable remains.

Thus, there is reason to believe that that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer violated 2 U.S.C. §441b(a) by knowingly accepting a prohibited corporate contribution. The sum of these illegal contributions ranged up to \$1,200 per month, depending on the actual fair market rental value of the leased premises and the validity of the committee's debt to the corporation.

2. The lessor forwarded an invoice to John Baine on August 17, 1990 notifying him that his account was past due and requesting immediate payment of One Thousand Thirty Five Dollars (\$1,035). The rent due reflects \$58.14 for the partial month of February; \$180.90 per March, April, May, June and July; and \$72.36 for the partial month of August. See Attachment 2 at 2.

C. Reporting

Pursuant to 2 U.S.C. § 434(a)(1), the treasurer of a political committee must file reports of receipts and disbursements. The total amount of all contributions from persons other than political committees must be reported. 2 U.S.C. § 434(b)(2)(A). Any contributor whose contribution(s) has an aggregate amount or value in excess of \$200.00 within the calendar year must be identified. See 2 U.S.C. § 434(b)(3)(A). Yet, Baine's second quarterly report, due July 15, 1990, did not disclose Robert and Maureen Baine's April 19, 1990 contribution of the property and/or loan proceeds.

Furthermore, pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by the political committee during the reporting period must be disclosed. The regulations further state that a debt, obligation, or other promise to make an expenditure, the amount of which is \$500 or less, shall be reported as of the time payment is made or no later than 60 days after such obligation is incurred, whichever comes first. 11 C.F.R. § 104.11(b). Any loan, debt or obligation, the amount of which is over \$500 shall be reported as of the time of the transaction. Id. Furthermore, any debts and obligations owed by or to a political committee which remain outstanding must be continuously reported until extinguished. 11 C.F.R. § 104.11(a). In addition, where a debt or obligation of a political committee is settled for less than its reported

93040942509

amount or value, a statement in the report must detail the circumstances and conditions under which the debt or obligation was extinguished. 2 U.S.C. § 434(b)(8).

John Baine's campaign headquarters was occupied under a month-to-month lease, commencing February 20, 1990 and ending no later than November 10, 1990. As previously discussed, Baine occupied the leased premises from February 20, 1990 until August 12, 1990 and made no rent payments during that period. See Attachment 2 at 1. Even assuming that the lease arrangement was a valid debt, not a corporate contribution, the John M. Baine For Congress Committee's July 1990 Quarterly report, reflected no outstanding debts, when in fact the Baine Committee was indebted by at least \$781.04, the total amount of rent owed through June 4.³

Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 434(b)(8) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in one calendar year, and failing to disclose the the amount and nature of the

3. While the campaign owed at least \$239.04 in rent as of March 31, 1990, that amount was outstanding less than sixty days. This latter amount, therefore, need not have been disclosed on the April 1990 Quarterly report.

93040942510

committee's outstanding debts.⁴

D. Simultaneous State Filings

In accordance with the Act, quarterly reports are due on the fifteenth day of the following month, and pre-election reports are due no later than the 12th day before any election. See 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii). A copy of each report required to be filed under the Act must duly be filed by the same deadlines with the Secretary of State (or the equivalent State officer) of the appropriate state. See 2 U.S.C. § 439(a)(1). In the instant case, the Missouri primary was held on August 7, 1990. Thus, copies of the committee's April, July and pre-primary reports were required to have been filed no later than April 15, July 15 and July 26, 1990, respectively.

In response to the complaint's allegation that the Committee was not in compliance with 2 U.S.C. § 439(a)(1), John Baine supplied a statement from the Office of Secretary of State of Missouri. See Attachment 1. The document, dated August 2, 1990, acknowledges receipt of the July quarterly report and the pre-election report. It does not, however, acknowledge receipt of the April quarterly report. Indeed, the Office of Missouri's Secretary of State indicated that, as of October 3, 1990, Baine's committee had not yet filed a copy of

4. Complaint further alleges that various contributions and expenditures should have been itemized.

93040942511

its April quarterly report with that office. That office further clarified that only an amendment to the July quarterly was filed with them on August 2, 1990; the original July quarterly was never filed in that office. As of December 17, 1990, the Office of Secretary of State of Missouri disclosed that the status of John Baine's reports remained the same.

Thus, there is reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer, violated 2 U.S.C. § 439(a)(1) by failing to file copies of its April and July quarterly reports with the Missouri Secretary of State and filing the pre-election report with that office seven days late.

93040942512



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 21, 1991

Robert and Maureen Baine, Jr.
22 Chaminade Drive
Creve Coeur, MO 63141

RE: MUR 3093

Robert and Maureen Baine, Jr.

Dear Mr. and Mrs. Baine:

On August 3, 1990, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, the Commission, on January 22, 1991, found that there is reason to believe that both of you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find document requests which require responses within 15 days of receipt of this letter.

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

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

93040942513

Robert and Maureen Baine, Jr.
MUR 3093
Page Two

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

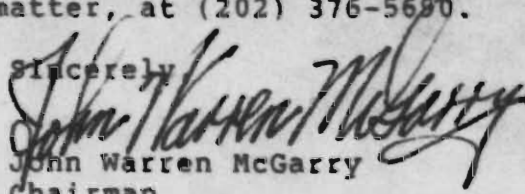
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Designation of Counsel Form
Factual & Legal Analysis

93040942514

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)
MUR 3093

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Maureen and Robert Baine
22 Chaminade Drive
Creve Coeur, MO 63141

93040942515

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.

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.

The discovery requests refer to the time period(s) indicated.

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.

93040942516

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.

93040942517

DOCUMENT REQUESTS

1. Produce all documents which in any way relate or refer to the 1987 purchase and transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from the previous owner(s) to Robert and Maureen Baine

2. Produce all documents which in any way relate or refer to the 1990 transfer of the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri from Robert and Maureen Baine to John and Margaret Baine.

3. Produce all documents which any way relate or refer to any other agreements or understandings made between Robert and/or Maureen Baine and John Baine concerning the real estate located at 23 Chaminade Drive, Creve Coeur, Missouri.

4. Produce all documents which in any way relate or refer to the 1987 mortgage arrangement with Mercantile Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

5. Produce all documents which in any way relate or refer to 1990 mortgage arrangement with American Bank concerning 23 Chaminade Drive, Creve Coeur, Missouri.

93040942518

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Robert and Maureen Baine MUR: 3093

Pursuant the Federal Election Campaign Act of 1971, as amended, all persons are limited to contributions not to exceed \$1,000, in the aggregate, with respect to any election for Federal office. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a).

"Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Furthermore, no individual may make contributions aggregating more than \$25,000 in any calendar year. Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

93040942519

John M. Baine signed a Statement of Candidacy on November 16, 1989 and filed said statement on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property. Baine does not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claims that the \$167,500 was personal funds. As discussed below, however, the property did not constitute John Baine's "personal funds" at the time he became a candidate. Thus, it appears that Baine's parents made an excessive contribution to the campaign, at least to the extent that Baine was able to use the property as collateral to obtain the mortgage proceeds.

Although Baine maintains that he purchased the property in 1987, i.e. prior to becoming a candidate for Federal office and that the title was placed in his parent's name merely to satisfy the lender, this claim appears to be without merit. Baine contends that the original lender, Mercantile Bank, required that title be in the name of Baine's parents because of Baine's age in 1987 (he was twenty-seven years old). The term of the 1987 loan to his parents, according to Baine, was three years and required refinancing in April 1990. At that time, American Bank agreed that a loan could be made in Baine's name, and Robert and Maureen Baine deeded the property to John Baine for that purpose. Baine further maintains that all

93040942520

mortgage payments on both loans were always his responsibility. However, not only was John Baine clearly past the age of majority, and thus clearly capable of holding the property in his own name (and entering into a mortgage arrangement), but Baine has submitted no documentation whatsoever to support this claim. In this regard, there is no evidence that Baine contributed at all towards the mortgage payments on the original loan.

Legal title to the subject property was unquestionably in the name of Robert and Maureen Baine on the day John Baine declared his candidacy for Federal office. Even if John Baine has a equitable interest in the subject realty, as Baine claims, nothing before us indicates that Robert and Maureen Baine granted their son a legal right of access to or control over the premises. Respondents have provided no evidence that the arrangement was anything more than an unenforceable oral understanding. Hence, the loan proceeds do not meet the definition of "personal funds." See 11 C.F.R. § 110.10(b)(1). Thus, there is reason to believe that Maureen and Robert Baine made an excessive contribution to the John M. Baine For Congress Committee in the amount of \$165,500¹ in violation of 2 U.S.C. §§ 441a(a)(1)(A) and 441a(a)(3).

1. This sum reflects the amount of the mortgage proceeds less the \$1,000 permissible contribution from each of Baine's parents. See 2 U.S.C. 441a(a). According to Committee reports, Robert and Maureen made no other contributions to Baine's campaign, or at least none that were itemized.

93040942521



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 21, 1991

Charles F. Vatterott Commercial Properties, Inc.
Gregory B. Vatterott, President
10449 St. Charles Rock Road
St. Ann, MO 63074

RE: MUR 3093
C.F. Vatterott

Dear Mr. Vatterott:

On November 5, 1990, the Federal Election Commission notified you of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, the Commission, on January 22, 1991, found that there is reason to believe that C.F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a), a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. Attached you will also find questions and document requests which require responses within 15 days of receipt of this letter.

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

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

93040942522

C.F. Vatterott
MUR 3093
Page Two

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

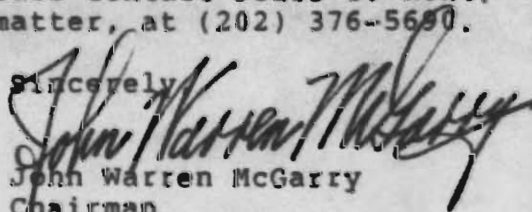
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Dodie C. Kent, the staff member assigned to this matter, at (202) 376-5650.

Sincerely,


John Warren McGarry
Chairman

Enclosures
Questions
Designation of Counsel Form
Factual & Legal Analysis

93040942523

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
)
)

MUR 3093

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Charles F. Vatterott Commercial Properties, Inc.
Gregory B. Vatterott, President
10449 St. Charles Rock Road
St. Ann, MO 63074

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.

93040942524

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.

The discovery requests refer to the time period(s) indicated.

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.

93040942525

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.

93040942526

QUESTIONS AND DOCUMENT REQUEST

1. Produce all documents which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee.

2. State whether the office space which was occupied by the Baine campaign from February 20, 1990 through August 12, 1990 is presently occupied by another tenant(s) or has been occupied by other tenants before or after the Baine campaign?

(a) If so, supply all leases with such tenants, including the rate charged each tenant per square foot.

3. During 1990, did you lease any other office space(s) at the premises located at 3905 St. Timothy Lane?

(a) If so, supply all such leases, including the rate charged each tenant per square foot.

4. Do you own or manage any other commercial properties in the vicinity of 3905 St. Timothy Lane, St. Ann, Missouri?

(a) If so, state the average rate charged per square foot in those buildings during 1990.

5. State whether, to date, the John M. Baine For Congress Committee has paid, in part or in full, the \$1,035 in rental due on the premises?

(a) If so, provide all documents which in any way relate or refer to any such payment.

(b) If not, state all actions taken by you, if any, to procure payment.

93040942527

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Charles F. Vatterott Commercial
Properties, Inc.

MUR: 3093

Pursuant to the Federal Election Campaign Act, as amended (the "Act"), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. 2 U.S.C. § 441b(a). For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John M. Baine himself supplied us states that the rent to be paid was \$180.90 per month. Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at \$180.90 per month. See Attachment 2 at 1. According to the corporate lessor, none of this rent has been paid. Id. While the lease did not state a payment due date, an invoice stating that the rent was past due was sent to Mr. Baine on August 17, 1990; nearly a week after the term of the lease ended

93040942528

and approximately six (6) months after the agreement was executed.¹ To date, there is no indication that the lessor has taken any further action to procure payment. Furthermore, the complaint alleges that the fair market rental value for Baine's office space during the time period involved is between \$700 and \$1,200 per month. Thus, a prohibited in-kind corporate contribution allegedly occurred. Although the complaint clearly raised the question of discounted rent, none of the respondents addressed this issue. Hence, even if C.F. Vatterott collects the rent past due, the question of whether the rent charged was commercially reasonable remains.

Thus, there is reason to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a) by making a series of prohibited corporate in-kind contributions to candidate John M. Baine and his Committee. The sum of these illegal contributions ranged up to \$1,200 per month, depending on the actual fair market rental value of the leased premises and the validity of the committee's debt to the corporation.

1. The lessor forwarded an invoice to John Baine on August 17, 1990 notifying him that his account was past due and requesting immediate payment of One Thousand Thirty Five Dollars (\$1,035). The rent due reflects \$58.14 for the partial month of February; \$180.90 per March, April, May, June and July; and \$72.36 for the partial month of August. See Attachment 2 at 2.

OGC 0238

BAINE & McHUGH

ATTORNEYS AT LAW
TENTH FLOOR
225 SOUTH MERAMEC
ST. LOUIS (CLAYTON), MISSOURI 63105

FACSIMILE
(314) 862-3231

TELEPHONE
(314) 862-5981

ROBERT P. BAINE, JR.

February 28, 1991

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAR -5 AM 10:37

Mr. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

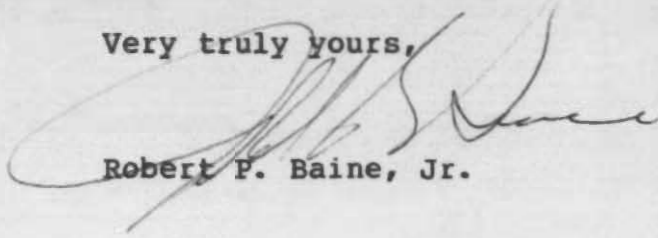
Re: MUR 3093
Robert and Maureen Baine, Jr.

Dear Mr. McGarry:

This is to acknowledge receipt of your correspondence dated February 21, 1991, in regard to the above matter.

We are gathering the documents which should answer all the questions sent to Mr. and Mrs. Robert Baine, Jr., John Baine and August Busch and should be able to forward them to you within a week.

Very truly yours,



Robert P. Baine, Jr.

RPB:mkl

93040942530

BAINE & McHUGH

ATTORNEYS AT LAW
TENTH FLOOR
225 SOUTH MERAMEC
ST. LOUIS (CLAYTON), MISSOURI 63105

FACSIMILE
(314) 862-3231

TELEPHONE
(314) 862-5981

ROBERT P. BAINE, JR.

March 5, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3093
Robert and Maureen Baine, Jr.

Dear Mr. McGarry:

We are enclosing the following documents in response to your request:

1. Copy of recorded full Deed of Release of Mercantile Bank loan dated May 1, 1987, due on demand May 1, 1990, in the principal amount of \$165,000.00.
2. Copy of Deed of Trust to Mercantile Bank dated May 1, 1987.
3. Copy of correspondence from Mercantile Bank to American Bank dated April 17, 1990, showing the payoff figures due and indicating ultimately a balance due of \$163,853.00.
4. Copy of letter from Mercantile Bank dated April 25, 1990, to Mr. and Mrs. Robert P. Baine, which has attached to it an insurance policy from Mid-Century Insurance Company indicating that in 1988, John M. Baine was the named insured and that Robert P. Baine, Jr. and Maureen Baine were the additional named insured, along with Mercantile Bank, confirming our position that the property from the very beginning was the property of John M. Baine and that relationship had been agreed to by Mercantile. Attached also to that letter is a copy of a refund check from Mercantile reflecting the payoff and indicating that check was endorsed over to John Baine.
5. I am further attaching a copy of a letter dated March 1, 1991, from Robert A. Frahm, III, Commercial Loan Representative of American Bank, which indicates that the proceeds of the loan made by American Bank to John M.

91 MAR 11 PM 4:13

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 MAR 12 PM 10:06

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF DIRECTOR

93040942531

Mr. John Warren McGarry
March 5, 1991
Page 2

Baine and his wife paid off the balance of the loan at Mercantile Bank as well as a personal loan that had been opened in his name since 1987 at American Bank in the amount of \$5,100.00, for a total refinancing balance on the house of \$167,500.00.

As we had previously indicated by correspondence and in telephone conversations, John M. Baine occupied 23 Chaminade from 1987 as his principal residence with his family. The original loan had to be taken in the names of my wife and myself because of John's age and his lack of credit experience. All payments on the original Mercantile loan were made by John Baine. When the Mercantile loan was due to mature in May of 1990, John Baine had established his own credit with American Bank and they extended to him a sufficient amount of money to pay off the balance on the loan at Mercantile and the payoff of his personal loan which had originated in 1987. None of the proceeds of any of the loans were used in John Baine's candidacy for Congress. All of the transactions were family transactions and were not related to political campaigns.

At the time of his refinancing, the only thing that Mr. and Mrs. Baine were required to do was to initiate a quitclaim deed titling the property in John M. Baine and Margaret Baine, his wife, which made of record the fact that the parties had always understood and that is that the property was the property of John M. Baine and Margaret Baine.

There are no additional loans on the home at 23 Chaminade other than the ones shown by the enclosed documents and since all of the loans existed prior to the beginning of the campaign in 1990, none of the loans could rationally be considered to violate any construction of Federal Election Laws.

If there are any other questions or any other documents necessary for you to review, please let us know.

Very truly yours,


Robert P. Baine, Jr.

RPB:mk1
Encs.

93040942532

March 5, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 3093
John M. Baine

Dear Mr. McGarry:

You have previously received from us a copy of the Lease between C. F. Vatterott and Company and me for the premises used as my campaign headquarters. I did not ask for, nor do I believe that I received any compensation from C. F. Vatterott in the form of rent.

The premises occupied as my campaign headquarters had been occupied four years prior to my occupancy by Robert Young, the then congressman from the Second District. I was given to understand that the rent charged me was the same rent charged Congressman Young at that time. I did not make any further inquiry in that matter, but accepted that as true. The premises had probably remained unoccupied since and was in a filthy and unpainted condition when rented to me. My campaign workers and I personally scrubbed, cleaned and painted the interior to make it an acceptable work place for the campaign.

At the end of my campaign, we vacated the premises and to the best of my knowledge, the premises remain vacant to this date. Any allegation that the premises were prime rental space is purely untruthful and was only made in an attempt to discredit both the landlord and me in my campaign.

I recognize that I still have obligations to C. F. Vatterott and Company and others as a result of my campaign and I have plans to have a fund raiser in the summer of 1991 to resolve my campaign debts and to help me make a determination of my future political aspirations.

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 MAR 11 PM 4:13

RECEIVED
FEDERAL ELECTION COMMISSION
91 MAR 12 PM 10:06

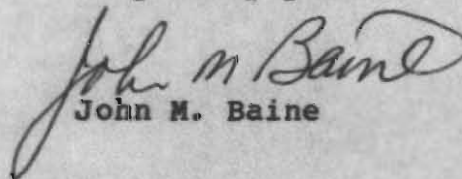
93040942533

Mr. John Warren McGarry
March 5, 1991
Page 2

I have reviewed the documents sent to you by my parents in regard to my home at 23 Chaminade Drive and would incorporate their letter in response to those allegations.

Since the matters contained therein were personal family matters, my treasurer would have no direct knowledge nor would it have been appropriate for him to have knowledge of the facts contained therein.

Very truly yours,


John M. Baine

Encs.

93040942534

06C 0340

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

March 11, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
Washington, D.C. 20463

RE: MUR 3093
C.F. Vatterott

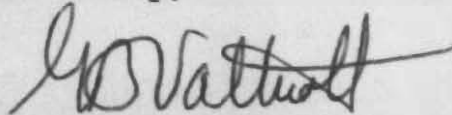
Dear Mr. McGarry:

Your letter of February 21, 1991 was received by this office on February 25, 1991. No action should be taken against C.F. Vatterott Commercial Properties, Inc., for the following reasons:

1. The rent charged to the Baine Committee was within a fair market rental taking into consideration the location, condition and parking constrictions.
2. That the pursuit of collection through legal action would cause the incurrence of costs (\$1,000-\$5,000) out of proportion to the gain to be realized (\$1,035.00). The aspiring candidate has debts outstanding in excess of \$30,000 according to his father. To incur such expenses would not be prudent. Our company has had a rash of bad tenants this past year and has charged off rent accrued in excess of \$65,000.

Enclosed are the responses to the interrogations and requests for documents. I trust a review of all the facts supplied would support my conclusions of no further action.

Sincerely,



Gregory B. Vatterott
President

GBV/ks

Enclosure (s)

91 MAR 13 AM 10:34

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
WASHINGTON, D.C.

FAMILY OF COMPANIES SINCE 1919

CF VATTEROTT

Response to Questions and Document Requests

1. Copy of lease previously supplied to Ms. Lois G. Lerner under date of November 5, 1990. Another copy is enclosed. Exhibit 1
2. Premises have been vacant since August 12, 1990. Prior to February 20, 1990 it was vacant. Efforts to rent this 832 s.f. bay have been continuous. As an example, attached is correspondence to an existing tenant dated October 30, 1989 and November 27, 1990 attempting to encourage his expansion into this bay. Exhibit 2.1 and 2.2
3. Other tenants in the building are the following:
 - A. 3901 St. Timothy - Chez James Coiffures
D/L August 18, 1989
832 s.f. (with basement)
\$485.33/month or \$5,823.96/year - \$6.99/s.f.
(\$3.50 total space)
Exhibit 3.1
 - B. 3909 St. Timothy - EMCO Refrigeration Service
D/L March 31, 1989
2822 s.f. (with basement or another 2822 s.f.)
1st yr - \$950/mo. or \$11,400/yr. - \$2.02
total occupied space.
Exhibit 3.2
 - C. History of building attached. Exhibit 3.3
4. Yes. See attached Exhibit 4.1
5. Tenant has not paid amounts due. Invoices sent and demand letter sent from Management office. Probability of collection is remote since it was reported to me he owed more than \$30,000 in campaign debts. Also the expense of collection would not prudently justify the effort.

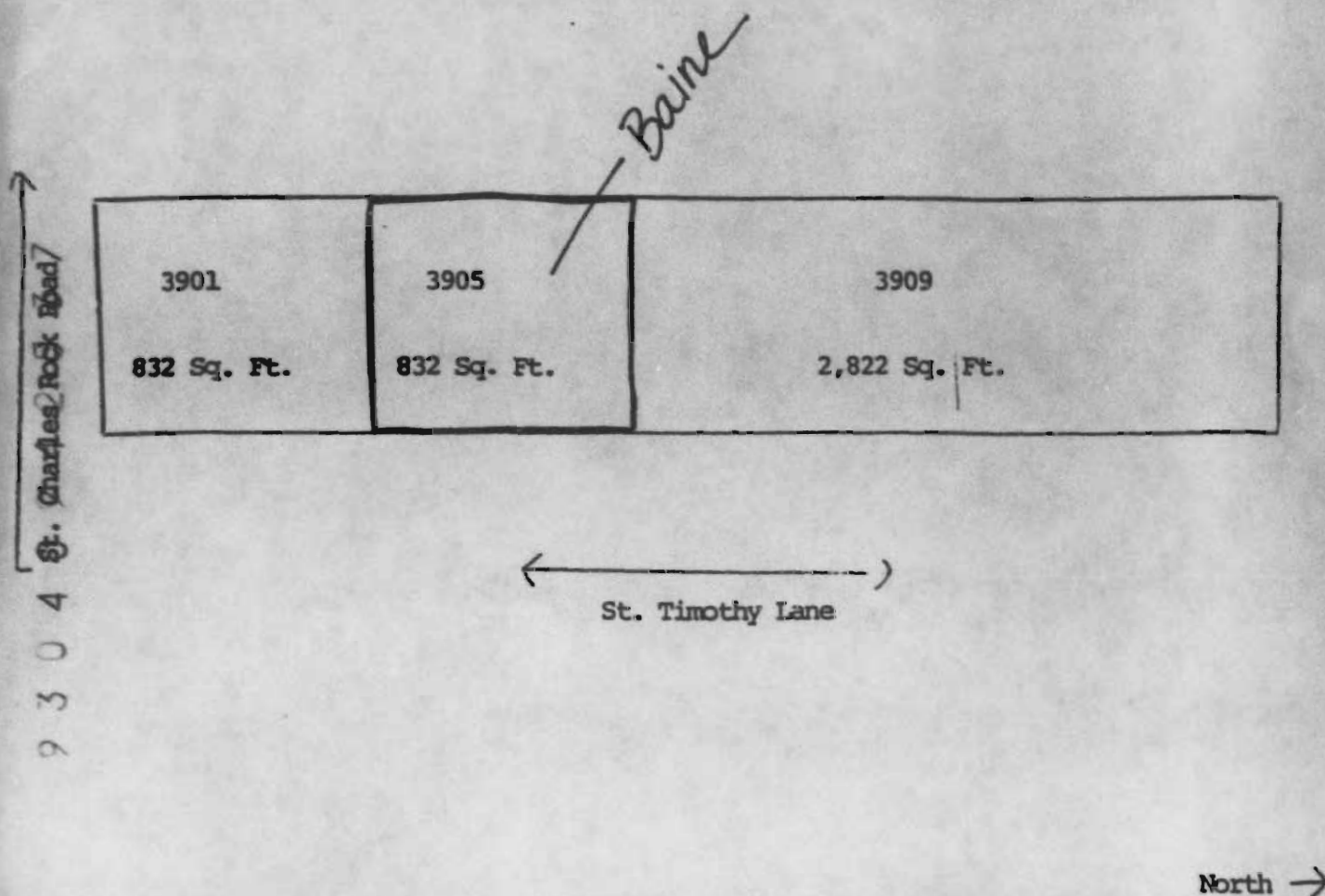
93040942536

EXHIBIT A

ST. TIMOTHY BUILDING

St. Ann, MO 63074

4,486 Sq. Ft. (Ground Floor)



Property No. 84
Company No. 14

LESSEE _____

LESSOR Ym

- CYUTATT I -

Exhibit 3.3
Page 1
March 11, 1991

HISTORY OF ST. TIMOTHY BUILDING
PROPERTY NO. 84

Built in 1955 as a Post Office Building

Site: Off St. Charles Rock Road (State Highway) by 100 feet
fronting St. Timothy Lane (Side Street). Residential area of
early 1950's housing on 50' lots. See Exhibit 3.4

Size: 4,250 s.f. with basement

Assessed Value: St. Louis County FMV appraisal is \$100,000
for 1990 with the lot being 11/20th of this value.

Gross Rent for this building for the years ended

4/1-3/31:	1983	\$ 18,700
	1984	21,065
	1985	22,050
	1986	24,606
	1987	18,944
	1988	7,296
	<u>1989</u>	10,852
	1990	16,740

Old Leases have not been located and may have been discarded.

Site Features:

Exhibit 3.5 is a plot plan. Parking is limited and
shows grade problems over the Northeastern half of site.

See picture dated 7/17/89 (Orig. Polaroids)

Note grades and vacancies.

See pictures dated 3/91 (Orig. Polaroids)

Note for Lease signs and parking problems and vacancies.

Exhibit 4.1
Page 1
March 11, 1991

Property No. 77 10471-10475 St. Charles Rock Road

1st Floor and Basement totals 12,800 s.f.
3 Tenants (Lounge, Appliance Store, Finance Office)

1st Floor Rent Average \$5.67 s.f.
Total Sq. Ft. Average 2.84 s.f.

Features - Adequate Parking
Fronts St. Charles Rock Road)

(NOTE - Appliance Store skipped out owing \$16,868.50. Suit not being filed due to costs and probability of collection.)

Property No. 70 10480 St. Charles Rock Road

7,400 s.f. - 5 year Lease Expires 3/31/93
National Tenant for whole building - Payless Shoes
\$4.95/s.f.

Features - Free standing
Adequate parking
Fronts St. Charles Rock Road

Property No. 68 10472 St. Charles Rock Road

4,200 s.f. - 10 year Lease Expires 8/91
National Tenant - Radio Shack
\$6.01/s.f.

Features - Free standing
Adequate parking
Fronts St. Charles Rock Road

Property No. 51 10481-10507 St. Charles Rock Road

8,238 s.f. (During period 2,400 s.f. Vacant)
Multi-Tenant Structure
Occupied space averages \$7.97 s.f.

Features - Free standing
Adequate parking
Fronts St. Charles Rock Road

EXHIBIT 3

Exhibit 4.1
Page 2
March 11, 1991

Property No. 65 10513-10525 St. Charles Rock Road

24,123 s.f. (During period 1,968 s.f. Vacant)
Store front and office building
Occupied space averages \$5.53 s.f.

Features - Adequate parking
 Fronts St. Charles Rock Road
 Small offices remain full service in this rent
 (2,700 s.f.)

Property No. 52 10500 St. Charles Rock Road

6,000 s.f. - 5 year Lease Expires 10/91
National Tenant - Color Tile
\$8.00/s.f.

Features - Free standing
 Adequate parking
 Fronts St. Charles Rock Road

Property No. 66 10455-10585 St. Charles Rock Road

27,350 s.f. Includes basement

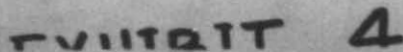
(15,400 became vacant on 6/90 - tenant at \$3.50/s.f. -
Released to Walgreens at: \$10.70/s.f. after spending
\$850,000 on remodeling - Walgreens occupied 2/91)

Rent Averaged \$2.80/s.f. when fully occupied on May, 1990.

Features - Adequate parking
 Fronts St. Charles Rock Road

93040942540

9933040942541



06C0509

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

March 19, 1991

Mr. John Warren McGarry
Chairman
Federal Election Commission
999 E. Street NW
Washington, D.C. 20463

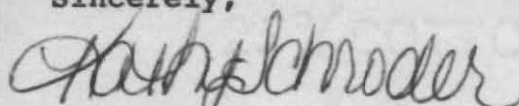
RE: MUR 3093
C.F. Vatterott

Dear Mr. McGarry:

Per the request of Greg Vatterott on 3/18/91, enclosed are copies of the leases for Emco Refrigeration and Chez James Coiffures for Property 84 at 3901 - 3909 St. Timothy.

Should you need additional information, please don't hesitate to contact me at 314/427-4000.

Sincerely,



Katherine L. Schroder
Administrative Assistant

ks

Enclosures (2)

91 MAR 26 AM 10:31

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF LEGAL COUNSEL

DUE TO THEIR BULK, THE LEASE AGREEMENTS SUBMITTED WITH THIS
RESPONSE HAVE BEEN DELETED FROM THE FILE.

93040942543



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

May 9, 1991

Gregory B. Vatterott, President
C.F. Vatterott Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, Missouri 63074-5589

RE: MUR 3093

Dear Mr. Vatterott:

On February 21, 1991, the Federal Election Commission notified you that the Commission had found that there is reason to believe C.F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended (the "Act"). At that time, the General Counsel's Office submitted several questions and document requests to you, to which you responded on March 13, 1991. As part of our investigation into this matter, this Office now requests responses to the enclosed additional questions and document requests.

Please submit the answers to the enclosed questions, along with the requested documents, within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

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

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Questions

93040942544

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3093
)

ADDITIONAL INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Gregory B. Vatterott, President
C.F. Vatterott Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, Missouri 63074-1899

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 additional questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the additional 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.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information (other than documents and information previously produced to the Commission in this matter), 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.

93040942545

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 indicated.

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.

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 (other than documents previously produced to the Commission in this matter). 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,

93040942546

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.

93040942547

ADDITIONAL DOCUMENT REQUEST AND QUESTIONS

1. Produce all documents (other than the lease previously produced) which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee, including but not limited to written inquiries, offers and prior drafts of the lease between C.F. Vatterott and the Baine Committee.

2. State how long, if at all, the premises located at 3905 St. Timothy Lane were vacant prior to the February 20, 1990 lease agreement with the Baine Committee.

3. Are the premises located at 3905 St. Timothy Lane still vacant?

(a) If not, provide a copy of the present lease.

4. (a) State how many square feet comprise the first level of 3901 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3901 St. Timothy Lane.

(c) Describe the method of access from 3901 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

5. (a) State how many square feet comprise the first level of 3905 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3905 St. Timothy Lane.

(c) Describe the method of access from 3905 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

6. (a) State how many square feet comprise the first level of 3909 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3909 St. Timothy Lane.

(c) Describe the method of access from 3909 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

7. Explain why the total square footage of the building as listed in Exhibit 1, as attached hereto (your Exhibit A), does not equal the square footage of the building as listed in Exhibit 2, as attached hereto (your Exhibit 3.3)?

8. In regard to the Baine Committee lease, was a real estate broker used?

(a) If so, who paid the broker fees?

(b) If not, how did the lease arrangement come to be?

9. In regard to the leases discussed in Exhibit 3, as attached hereto (your Exhibit 4.1),

93040942548

(a) Did any of those tenants NOT furnish a security deposit? If your response is yes, supply the lease agreements which did not require security deposits.

(b) Did any of those leases NOT specifically provide a payment schedule regarding rental payment(s)? If your response is yes, supply the lease agreements which did not provide payment schedules regarding rental payments.

(c) Did any of those leases NOT provide for a penalty in the event of delinquent rental payments? If your response is yes, supply the lease agreements which did not provide for penalties in the event of delinquent rental payments.

(d) Are/Were any of those tenants NOT required to pay maintenance charges, in addition to rent? If your response is yes, supply the lease agreements which do/did not require maintenance charges, in addition to rent.

(e) Did any of those leases NOT require more than one day's notice for lease cancellation? If your response is yes, supply the lease agreements which did not require more than one day's notice for lease cancellation.

(f) Was a real estate broker used? If so, who paid the broker fees? Discuss each lease separately.

10. State whether the "Additional Parking Area" located at the to top of Exhibit 4, as attached hereto (your Exhibit 3.5), was ever available to tenants or patrons of 3901, 3905 or 3909 St. Timothy Lane during the Baine Committee's tenancy. Discuss each address separately.

11. Explain why you think that units located in the St. Timothy Lane building are less desirable rentals than those located on St. Charles Rock Road.

12. Produce all rental invoices or demand letters tendered to the Baine Committee.

13. Describe all collection efforts made to obtain delinquent rental payments from the Appliance store described in Property No. 77 in Exhibit 3, as attached hereto (your Exhibit 4.1).

(a) Produce all rental invoices or demand letters tendered to said tenant, if any.

14. Explain why the 1990 gross rent listed for the St. Timothy building in Exhibit 2, as attached hereto (your Exhibit 3.3), is substantially less than the sum of the rent(s) you stated each tenant was paying at said building during 1990.

93040942549



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1991

August A. Busch, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine, Jr.
225 S. Meramec
Suite 1025
Clayton, Missouri 63105

RE: MUR 3093

Dear Mr. Busch:

On February 21, 1991, the Federal Election Commission notified you that the Commission had found that there is reason to believe the John M. Baine For Congress Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8), 439(a)(1), 441a(f) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). At that time, the General Counsel's Office submitted several questions and document requests to you, to which you responded on March 11, 1991. As part of our investigation into this matter, this Office now requests responses to the enclosed additional questions and document requests.

Please submit the answers to the enclosed questions, along with the requested documents, within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

Requests for extensions of time to respond to discovery requests 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.

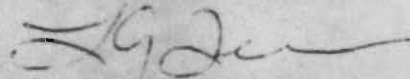
93040942550

August A. Busch, Treasurer
Page Two

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

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

Enclosures
Questions

93040942551

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)
)
) MUR 3093
)

ADDITIONAL INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: August A. Busch, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine, Jr.
225 S. Meramel
Suite 1025
Clayton, Missouri 63105

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 additional questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the additional 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.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information (other than documents and information previously produced to the Commission in this matter), however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

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

93040942552

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 indicated.

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.

DEFINITIONS

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

"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.

"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.

9304094253

ADDITIONAL DOCUMENT REQUEST AND QUESTION

1. Produce all documents (other than the lease agreement previously produced) which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee, including but not limited to inquiries, offers and prior drafts of the lease between C.F. Vatterott and the Baine Committee.

2. In regard to the John M. Baine For Congress Committee lease, was a real estate broker used?

(a) If so, who paid the broker fees?

(b) If not, how did the lease arrangement come to be?

93040942554

00C 1282

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC. 91 MAY 24 AM 11:01

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

BY FAX

May 22, 1991

Ms. Dodie C. Kent
c/o Mr. Robert Bonham
Federal Election Commission
Washington, D.C. 20463

RE: MUR 3093
Request for Extension

Dear Mr. Bonham:

C.F. Vatterott Commercial Properties, Inc. is requesting a 20 day extension on the due date of the material requested in your letter dated May 9, 1991. Copy of the letter is enclosed.

We are currently in the middle of our year-end audit. The records you have requested are unavailable. The 20-day extension will allow for our auditors to finish the year-end audit and allow us to review and forward the information to you.

I would appreciate hearing of your decision at your earliest convenience.

Sincerely,


Gregory B. Vatterott
President

GBV/klb

Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAY 24 PM 3:10

CF VATTEROTT
FAMILY OF COMPANIES SINCE 1919

STRATHMORE WRITING



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 24, 1991

Gregory B. Vatterott, President
C.F. Vatterott Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, Missouri 63074-5589

RE: MUR 3093
C.F. Vatterott Commercial
Properties, Inc.

Dear Mr. Vatterott:

This is in response to your letter dated May 22, 1991, which we received on May 22, 1991, requesting an extension of 20 days to respond to the Commission's May 9, 1991 interrogatories and document 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 June 17, 1991.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Robert W. Bonham, III
Assistant General Counsel

93040942556

00-C 1582

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC. 91 JUN 17 AM 9:39

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

June 14, 1991

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E. Street NW
Washington, D.C. 20463

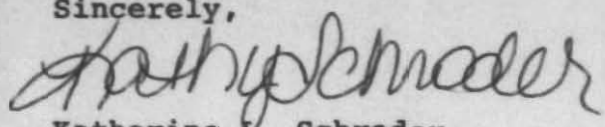
RE: MUE 3093

Dear Mr. Noble:

Enclosed is the information requested in your letter of May 9, 1991. I trust in review of the attached information that you will support our position of no further action.

Don't hesitate to contact myself or Greg Vatterott if you should have any questions.

Sincerely,



Katherine L. Schroder
Administrative Assistant

KLS

Enclosure (1)

CC: Greg Vatterott

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 JUN 17 PM 3:45

FAMILY OF COMPANIES SINCE 1919

M E M O R A N D U M

TO: Federal Election Commission

DATE: June 14, 1991

FROM: C.F. Vatterott & Co.

RE: Letter of May 9, 1991
MUR 3093

1. All other documents regarding the Baine Lease other than the lease previously sent are attached as Exhibit A.
2. The space has been vacant for over 2 years prior to the Lease with the Baine Committee.
3. Premises located at 3905 St. Timothy are still vacant have been since the Baine Committee vacated.
- 4.a. The gross square footage of the first level of 3901 St. Timothy is 832 sq. ft. as shown on the attached Exhibit B. The net square footage of the first level of 3901 St. Timothy is 800 sq. ft. as shown on the attached Exhibit C.
- b. The net square footage of the basement level of 3901 St. Timothy is 800 sq. ft. as shown on the attached Exhibit D.
- c. The method of access from 3901 St. Timothy to the basement is a stairwell located on the right side close to the rear of the Building. This is highlighted on the attached Exhibit D.
- 5.a. The gross square footage of the first level of 3905 St. Timothy is 832 sq. ft. as shown on the attached Exhibit B. The net square footage of the first level of 3905 St. Timothy is 800 sq. ft. as shown on the attached Exhibit C.
- b. The net square footage of the basement level of 3905 St. Timothy is 600 sq. ft. as shown on the attached Exhibit D.
- c. The method of access from 3905 St. Timothy to the basement is a stairwell located on the left side close to the rear of the Building. This is highlighted on the attached Exhibit D.

93040942558

- 6.a. The gross square footage of the first level of 3909 St. Timothy is 2,822 sq. ft. as shown on the attached Exhibit B. The net square footage of the first level of 3909 St. Timothy is 2500 sq. ft. as shown on the attached Exhibit C.
- b. The net square footage of the basement level of 3909 St. Timothy is 2,500 sq. ft. as shown on the attached Exhibit D.
- c. The method of access from 3909 St. Timothy to the basement is a stairwell located on the left side close to the rear of the Building. This is highlighted on the attached Exhibit D.
7. The total square footage numbers do not match because of the fact that in your Exhibit 1 (our Exhibit A) the listed sq. ft. is the gross square footage. The square footage listed on your Exhibit 2 (our Exhibit 3.3) is the net square footage.
8. A real estate broker was not used. The Baine Committee contacted Mr. Greg Vatterott and the lease was negotiated at that time. Mr. Vatterott is a licensed broker.
- 9.a. Those leases that did not require security deposits are attached in Property order (Exhibit E.). Those leases are:
- Property 51 - Radio Shack
 - Property 52 - Color Tile
 - Property 65 - James Saab
 - Property 65 - Vincent McCarthy
 - Property 66 - Warson Graphics
 - Property 70 - Payless Shoe Source
 - Property 77 - American General Finance
- b. All of the leases provide a payment schedule regarding rental payments.
- c. Those leases that did not provide for a penalty in the event of delinquent rent are attached in Property order (Exhibit E.). Those leases are:
- Property 51 - Radio Shack
 - Property 52 - Color Tile
 - Property 66 - Walgreens
 - Property 68 - Radio Shack
 - Property 70 - Payless Shoe Source

93040942559

- d. Those leases not required to pay maintenance charges are attached in Property order (Exhibit E.). Those leases are:

Property 51 - Radio Shack
Property 52 - Color Tile
Property 65 - James Saab
 American Family/Doris Dennis
 Atlas
 Sutton & Sons
 Vincent McCarthy
Property 66 - Walgreen
Property 68 - Radio Shack

- e. All of the leases provided one than one day notice for lease cancellation. However, spaces in an "AS IS" condition, i.e., at no Tenant finish cost to Landlord, can typically be cancelled with short notice.
- f. There was a real estate broker used in the Walgreen lease. C.F. Vatterott Commercial Properties, Inc. paid the broker fees.
10. Yes, the additional parking was available for the tenants of 3901 St. Timothy to use for their employees.
- Yes, the additional parking was available for the tenants of 3909 St. Timothy to use for their employees.
11. The St. Timothy Lane Bldg. is located 100+ feet off of St. Charles Rock Road on a two 2 lane residential type side street behind a Amoco gas station. This building has severe parking limitations and grade (slope) problems. There has been no lease activity as space as been vacant since the Baine Committee vacated.
12. All rental notices or demand letters are attached as Exhibit F.
13. Tenant left this location without notice to us. Tried to contact at other locations without luck. Turned over to a collection agency because of such a large amount that was owed. Collection service could not locate and we have written-off.

93040942560

- a. Rental invoices and demand letter are attached as Exhibit G. Also attached is a report done on a monthly basis showing a portion of our former tenants that still owe rental and status of those accounts. This will give a better feel of the number of bad debts we have accrued in the last year.
14. The 1990 gross rent was substantially lower than the sum of rents because 3901 was vacant for 5 mos. during our fiscal year (4/1 - 3/31). That lease did not commence until September 1, 1990.

93040942561

ADDITIONAL DOCUMENT REQUEST AND QUESTIONS

1. Produce all documents (other than the lease previously produced) which in any way relate or refer to the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri by C.F. Vatterott Commercial Properties, Inc. to the John M. Baine For Congress Committee, including but not limited to written inquiries, offers and prior drafts of the lease between C.F. Vatterott and the Baine Committee.

2. State how long, if at all, the premises located at 3905 St. Timothy Lane were vacant prior to the February 20, 1990 lease agreement with the Baine Committee.

3. Are the premises located at 3905 St. Timothy Lane still vacant?

(a) If not, provide a copy of the present lease.

4. (a) State how many square feet comprise the first level of 3901 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3901 St. Timothy Lane.

(c) Describe the method of access from 3901 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

5. (a) State how many square feet comprise the first level of 3905 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3905 St. Timothy Lane.

(c) Describe the method of access from 3905 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

6. (a) State how many square feet comprise the first level of 3909 St. Timothy Lane.

(b) State how many square feet comprise the basement level of 3909 St. Timothy Lane.

(c) Describe the method of access from 3909 St. Timothy Lane to the basement, including the location of the stairs and/or elevator, if any.

7. Explain why the total square footage of the building as listed in Exhibit 1, as attached hereto (your Exhibit A), does not equal the square footage of the building as listed in Exhibit 2, as attached hereto (your Exhibit 3.3)?

8. In regard to the Baine Committee lease, was a real estate broker used?

(a) If so, who paid the broker fees?

(b) If not, how did the lease arrangement come to be?

9. In regard to the leases discussed in Exhibit 3, as attached hereto (your Exhibit 4.1),

93040942562

(a) Did any of those tenants NOT furnish a security deposit? If your response is yes, supply the lease agreements which did not require security deposits.

(b) Did any of those leases NOT specifically provide a payment schedule regarding rental payment(s)? If your response is yes, supply the lease agreements which did not provide payment schedules regarding rental payments.

(c) Did any of those leases NOT provide for a penalty in the event of delinquent rental payments? If your response is yes, supply the lease agreements which did not provide for penalties in the event of delinquent rental payments.

(d) Are/Were any of those tenants NOT required to pay maintenance charges, in addition to rent? If your response is yes, supply the lease agreements which do/did not require maintenance charges, in addition to rent.

(e) Did any of those leases NOT require more than one day's notice for lease cancellation? If your response is yes, supply the lease agreements which did not require more than one day's notice for lease cancellation.

(f) Was a real estate broker used? If so, who paid the broker fees? Discuss each lease separately.

10. State whether the "Additional Parking Area" located at the top of Exhibit 4, as attached hereto (your Exhibit 3.5), was ever available to tenants or patrons of 3901, 3905 or 3909 St. Timothy Lane during the Baine Committee's tenancy. Discuss each address separately.

11. Explain why you think that units located in the St. Timothy Lane building are less desirable rentals than those located on St. Charles Rock Road.

12. Produce all rental invoices or demand letters tendered to the Baine Committee.

13. Describe all collection efforts made to obtain delinquent rental payments from the Appliance store described in Property No. 77 in Exhibit 3, as attached hereto (your Exhibit 4.1).

(a) Produce all rental invoices or demand letters tendered to said tenant, if any.

14. Explain why the 1990 gross rent listed for the St. Timothy building in Exhibit 2, as attached hereto (your Exhibit 3.3), is substantially less than the sum of the rent(s) you stated each tenant was paying at said building during 1990.

93040942563

Exhibit A
Celebrating 70 Years
1919-1989

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

March 7, 1990

Mr. John M. Baine
c/o Robert P. Baine
225 S. Meramec
10th Floor
Clayton, MO 63105

Dear John:

Enclosed is your fully executed Lease for 3905 St. Timothy Lane, St. Ann, Missouri.

Also enclosed is a copy of our Emergency Contact Information form which we would like you to complete and return at your earliest convenience. This information will be held in the strictest of confidence and only used in the event of an emergency.

Pursuant to Paragraph 9 of the Lease, please have your insurance carrier provide us with a Certificate of Insurance naming us as an additional insured as soon as possible.

It was a pleasure dealing with you via phone and I'm sorry I was unable to meet you personally. I wish you success in your campaign.

Feel free to contact me at any time with any questions you might have.

Sincerely,

Beverly S. Vegovisch/KS

Beverly S. Vegovisch
Leasing Manager

Enclosures

ks

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10419 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314-427-4000

May 14, 1990

Mr. John M. Baine
3905 St. Timothy Lane
St. Ann, MO 63074

RE: Required Forms Per Lease

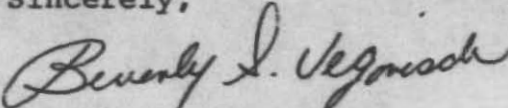
Dear Mr. Baine:

Pursuant to Paragraph 9 of your Lease, please have your insurance carrier supply us with a Certificate of Insurance for the appropriate liability coverages, naming Charles F. Vatterott Commercial Properties as an additional insured.

Also, enclosed is an Emergency Contact Information form which we would like you to complete and return as soon as possible. This information will only be used in a emergency situation.

Your prompt attention in these matters is appreciated.

Sincerely,



Beverly S. Vegovisch
Leasing Manager

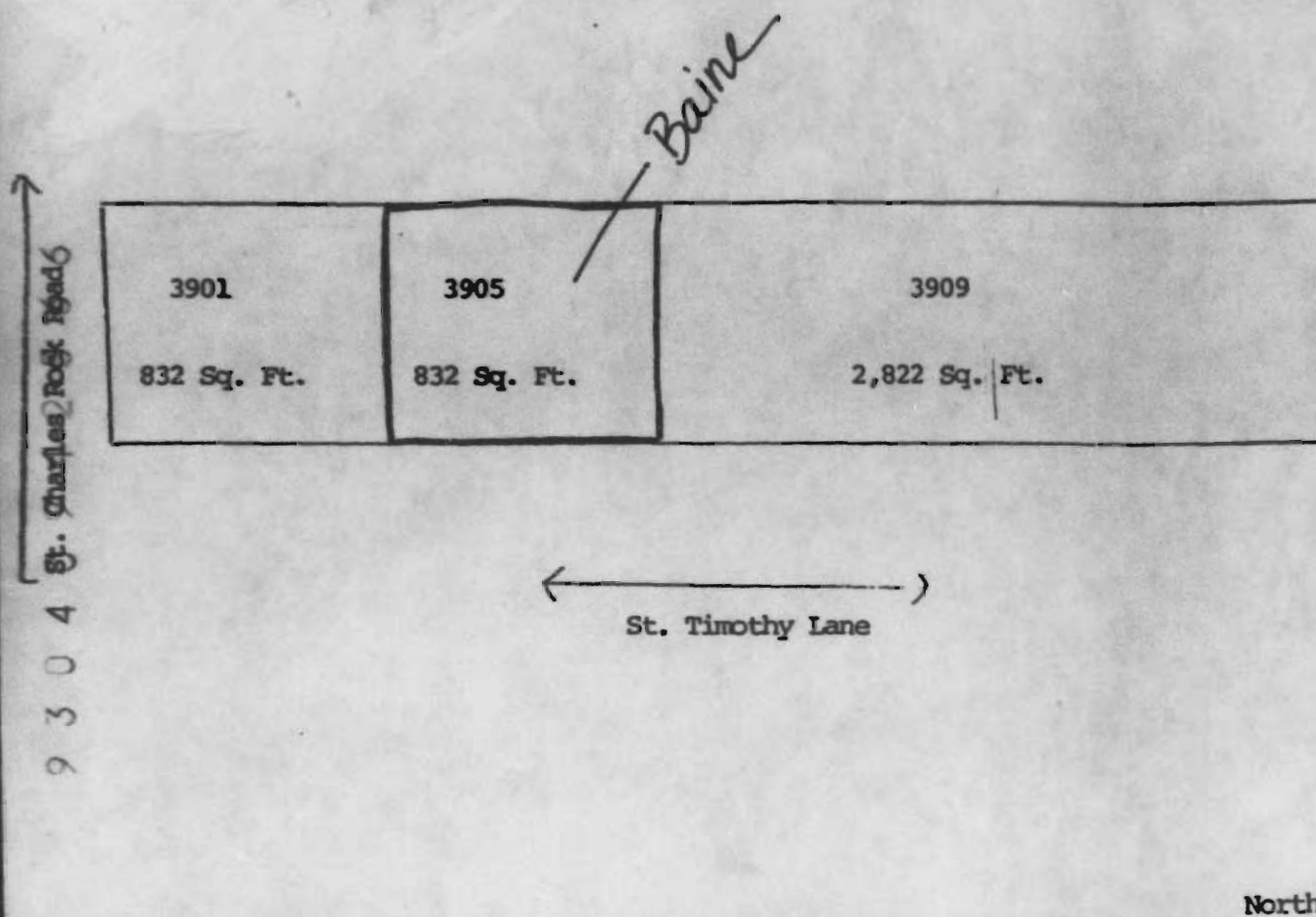
ks

Enc.

C.F. VATTEROTT
FAMILY OF COMPANIES SINCE 1919

ST. TIMOTHY BUILDING
St. Ann, MO 63074

4,486 Sq. Ft. (Ground Floor)



Property No. 84
Company No. 14

LESSEE _____

LESSOR Ym

- EXHIBIT I -

Exhibit G

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10449 ST. CHARLES ROCK ROAD
ST. ANN. MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

September 24, 1990

Mr. Joe Lang
Mixerany's New Deal, Inc.
2047 North Zumbahl
St. Charles, MO 63303

RE: Payment Arrangement of Monies Owed

Dear Joe:

This confirms our conversation of Thursday, September 20th, ^{@ 10/90} regarding payment of the outstanding balance due us as of today as follows:

10120 St. Charles Rock Road	\$ 2,750.00	+ 154.08 = <u>2,904.08</u>
10473-75 St. Charles Rock Road (This		<i>Sewer</i>
is through 9/31/90 and assumes you		
will vacate as of then and leave in		
reasonable condition.)		
<i>did NOT</i>	13,025.00	+ <i>pro rated daily</i>
<i>vacate at 9/30.</i>	<u>15,775.00</u>	<i>Charge of 69.36</i>
	=====	<i>until vacate.</i>

Note: No late charges have been added and will not be as long as you adhere to the payment plan and keep us apprised of any problems.

On or before October 30, 1990, you will make a payment of \$1,000.00 and thereafter, make like payments on or before the 30th of each month until the balance is paid in full. Joe, as I stated during our conversation, we are willing to work with you but in order to do so, you must keep in contact with us (in advance) if it is necessary for you to pay differently than as we agreed. Also, whenever feasible, you will begin paying more than \$1,000.00/month.

I look forward to receipt of your first check (mailed to my attention.)

Sincerely,
Beverly S. Vegovich
Beverly S. Vegovich
Leasing Manager

BSV/ks

FAMILY OF COMPANIES SINCE 1919

C. F. VATTEROTT COMMERCIAL PROPERTIES, INC.

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

REGISTERED MAIL
RETURN RECEIPT REQUESTED

September 12, 1990

Mr. Steve Mizerany, President
Mizerany New Deal, Inc.
2047 North Zumbuhl
St. Charles, MO 63303

RE: Past Due Rentals
10120 St. Charles Rock Road
10473-75 St. Charles Rock Road

Dear Mr. Mizerany:

You are seriously delinquent -- a situation which we will not tolerate.

A. 10120 St. Charles Rock Road

Per my 7/25/90 and 8/30/90 letters to you and Joe Lang, \$2,750.00 is due for March, 1990 - July, 1990 rental. I have been more than willing to work with you and agreed to waive late charges if the balance was paid in full by the deadlines I gave. Instead, I have been ignored. Under the Lease, these charges accumulate at the rate of \$5.00 per day and as of 9/12/90, you owe \$955.00 (191 days). Please remit your check for the following on or before September 19, 1990.

Rental	\$2,750.00
Late Charges	955.00

	\$3,705.00
	= = = = =

B. 10473-75 St. Charles Rock Road

On Tuesday, 9/4/90, I learned from an outside source that you had ceased to do business at this location. I still have heard nothing from you to date. Rent will continue to accrue until I have been given the keys to this space and you have

C.F VATTEROTT COMMERCIAL PROPERTIES, INC.

Page Two
September 12, 1990
Mr. Steve Mizerany

completely vacated, leaving in good condition. No payment has been received from you since March 12, 1990 and the amount due as of August 31, 1990 was \$10,875.00 with rent being charged at the rate of \$71.67 per day beginning 9/1/90. This Lease provides for late charges at the rate of \$10.00 per day which I will waive if payment as shown below is received by us on or before September 19, 1990.

Rental through 8/31/90	\$10,875.00	
9/1 - 9/12/90 Rental	860.04	2,150.00
9/90		
	\$11,735.04	13,025.00
	=====	=====

Shue 9/30/90

We will then expect payment in full from September 13, 1990 through the date you actually vacate as of the date you vacate.

Again, we will not tolerate this situation any longer. Unless we have received the payments as set forth in A and B above within Seven (7) days of the date of this letter, September 19, 1990, we will immediately turn over to our attorneys to file suit without further notice to you.

Sincerely,

Beverly S. Vegovisch

Beverly S. Vegovisch
Leasing Manager

BSV/ks

CC: Joe Lang



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 19, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

August A. Busch, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine, Jr.
225 S. Meramel
Suite 1025
Clayton, Missouri 63105

RE: MUR 3093
John M. Baine For Congress
Committee and August A.
Busch, as treasurer

Dear Mr. Busch,

On May 9, 1991, the Federal Election Commission sent you a set of additional interrogatories and requests for documents as respondents in the above-captioned matter under investigation by the Commission. A copy of this correspondence is enclosed. The interrogatories and requests for documents requested your reply within 15 days of your receipt of our correspondence, thus making your response due on approximately May 30, 1991.

To date, this Office has not received your response. If our records are inaccurate, you should contact the Office of the General Counsel immediately. However, if you have not yet responded, please submit your responses to the interrogatories and requests for additional information within five days of your receipt of this letter.

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure

93040942570

6100#1734
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH

91 JUL -1 AM 9:36

June 24, 1991

Federal Election Commission
Washington, D.C. 20463

Attention: Ms. Dodie C. Kent

Re: MUR 3093
John M. Baine for Congress Committee
and August A. Busch, Jr., as treasurer

Dear Ms. Kent:

This is a confirmation and follow up of our telephone conversation today regarding the above matter.

There were no other documents, preliminary or otherwise, other than the lease agreement previously forwarded to you, in connection with the leasing of the office space located at 3905 St. Timothy Lane, St. Ann, Missouri.

The space had been vacant for years and was in a deplorable state. Before we could occupy the premises, it was cleaned and painted by me and my campaign volunteers. I might further add that the building is still vacant today. It was originally the old St. Ann Post Office and after they moved out, it was subdivided and has been vacant almost 100% of the time.

Also, as I informed you, under date of May 8, 1991, by letter addressed to the Clerk of the House of Representatives, a copy of which is enclosed herewith, I had requested that the name of the treasurer of the John M. Baine for Congress Committee be changed from August A. Busch, Jr., to my name.

Thank you for your courtesy in this matter.

Very truly yours,

John M Baine

John M. Baine

JMB:mk1
Enc.

91 JUL -1 AM 10:42
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF FEDERAL COUNSEL

93040942571

May 8, 1991

Clerk of the House of Representatives
1036 Longworth House Building
Washington D.C. 20515

Sirs,

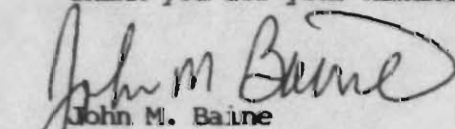
- A) Please use this as My Committees authorization for a statement of re-organization.

Please change the name of the treasurer from August A. Busch to my name, John M. Baine, effective 4-1-91.

- B) Please notify Ms. Emily Leonard to correct the coverage period dates on the year end report to be 10/2/90 - 12/31/90. It was simply an oversight by me when preparing the report and a misunderstanding of the complicated rules governing federal elections.

- C) Ms. Leonard is forwarding on a detailed summary page which for that time period was all "zero's".

Thank you for your kindness.


John M. Baine

cc: Robert P. Baine
225 S. Meramec
Suite 1025
Clayton, MD 63105

93040942572

RECEIVED
F.E.C.
SECRETARIAT

91 OCT 28 PM 5: 15

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John M. Baine For Congress
Committee and John M. Baine, as
treasurer; John M. Baine,
individually; Robert Baine;
Maureen Baine; Charles F. Vatterott
Commercial Properties, Inc.

)
) MUR 3093
)
)
)
)
)

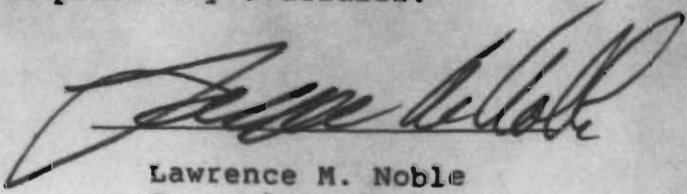
SENSITIVE

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to the John M. Baine For Congress Committee and John M. Baine, as treasurer; John M. Baine, individually; Robert Baine; Maureen Baine; and Charles F. Vatterott Commercial Properties, Inc., based on the assessment of the information presently available.

Date

10/28/91


Lawrence M. Noble
General Counsel

93040942573



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
F.E.C.
SECRETARIAT

91 NOV -4 AM 9:50

November 4, 1991

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

SUBJECT: MUR 3093

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of each brief and a letter notifying the corresponding respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe or probable cause to believe, as appropriate, were mailed to the various respondents on November 4, 1991. Following receipt of the respondents' replies to these notices, this Office will make a further report to the Commission.

Attachments

1. Briefs
2. Letters to respondents

93040942574



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 4, 1991

John M. Baine, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine
225 S. Meramec
Suite 1025
Clayton, MO 63105

RE: MUR 3093
John M. Baine For
Congress Committee and
John M. Baine, as treasurer

Dear Mr. Baine:

Based on a complaint filed with the Federal Election Commission on July 30, 1990, and information supplied by you, the Commission, on January 22, 1991, found that there was reason to believe that the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"), violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8), 439(a)(1), 441a(f) and 441b(a) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations of 2 U.S.C. §§ 434(b)(8), 439(a)(1) and 441b(a) have occurred. The Office of the General Counsel is also prepared to recommend that the Commission find no probable cause to believe that violations of 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f) have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time.

93040942575

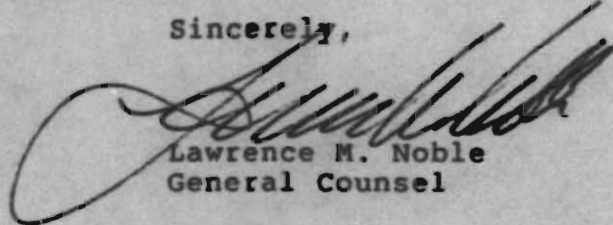
John M. Baine, Treasurer
Page Two

All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

93040942576

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3093
John M. Baine For Congress)
Committee and John M. Baine, as)
treasurer)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

93040942577
This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen, alleging that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ failed to itemize the Committee's expenditures on the 1990 April and July Quarterly Reports, accepted a prohibited contribution in the form of discounted rent from lessor Charles F. Vatterott Commercial Properties, Inc. and an excessive contribution in the form of real property and/or the proceeds from a loan against that property from Robert and Maureen Baine (parents of John M. Baine), and, lastly, failed to file copies of the Committee's quarterly reports with Missouri's Secretary of State.

On January 22, 1991, the Commission found reason to believe the Committee violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(8) by failing to report the total amount

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to John M. Baine, himself.

of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in a single calendar year, and failing to disclose the amount and nature of the Committee's outstanding debts. The Commission further found reason to believe that the Committee violated 2 U.S.C. §§ 441a(f) and 441b(a) by accepting excessive and prohibited contributions.

Interrogatories and document requests were sent to the Committee, John M. Baine, Robert and Maureen Baine and C.F. Vatterott Commercial Properties, Inc. All have responded.

II. ANALYSIS

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement

93040942578

in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989, which was filed on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property from American Bank. In his original response, Baine did not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claimed that he had always possessed equitable title to the property.

At the time this Office made its initial recommendations regarding the mortgage proceeds, it appeared that the proceeds from the mortgage were used in connection with John M. Baine's campaign. However, this Office's investigation has instead indicated that none of the proceeds from the April 19, 1990 American Bank loan were used in John Baine's campaign. In this regard, a brief examination of John Baine's history concerning the property in question is necessary.

According to the responses of Robert, Maureen and John Baine, John Baine wished to purchase the property in question in 1987. Due to John Baine's age and lack of credit,

93040942579

the original mortgage on the house, which was from Mercantile Bank, had to be taken in the names of Robert and Maureen Baine. Respondents indicate that although John Baine and his wife had earlier obtained a \$5,100 personal loan from American Bank, American Bank was not willing to extend credit to Baine for the mortgage he needed in 1987. Nevertheless, John Baine states that he made all the mortgage payments. By 1990, the year in which the Mercantile loan was due to mature, it appears that John Baine had established sufficient credit with American Bank. Consequently, American Bank extended Baine enough money to pay off the Mercantile loan, as well as Baine's earlier \$5,100 American loan. Respondents provided documents evidencing the 1990 American loan to John M. Baine and how that loan's proceeds were used.

In this regard, Robert Baine's response includes a March 1, 1991 letter, albeit unsworn, from Robert A. Frahm, III, a commercial loan representative from American Bank, stating that the proceeds of the April 19, 1990 American Bank loan (\$165,000) to John and Margaret Baine paid off the balance of the original mortgage loan at the Mercantile Bank and the 1987 American loan. Robert Baine's response also included an April 25, 1990 letter from the Mercantile Bank which released Robert and Maureen from the original loan. The Deed of Release was also included. Thus, it appears that Robert and Maureen Baine quitclaimed the property to John Baine and his wife, Margaret, in order to allow the re-financing to take place in John Baine's name.

93040942580

Based on the foregoing, this Office recommends that Commission find no probable cause to believe that the John M. Baine For Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in a single calendar year, and by accepting excessive contributions from Robert and/or Maureen Baine.

B. Prohibited Contributions

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John Baine himself has supplied states that the rent to be paid was \$180.90 per month for 832 square feet of rental space, i.e., \$ 2.40 per

93040942581

square foot.² Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at \$180.90 per month. The complaint alleges that the fair market rental value for Baine's office space during the time period involved was between \$700 and \$1,200 per month. According to the corporate lessor, none of this rent has been paid.

9 3 0 4 0 9 4 2 5 8 2
In both its initial response to the complaint and its response to the Commission's finding, the corporate lessor set forth several reasons for both the rental amount charged, as well as the absence of rental collection efforts on the part of the lessor. First, in support of the \$180.90 rental charge, the lessor argues that the condition of the rental premises, together with its location and parking facilities, made the rental charged commercially reasonable. The lessor further argues that the rate per square foot is comparable to other rentals in the building because the Baine rental did not include the basement.³ Secondly, the lessor claims that pursuit of the unpaid rent through legal action would cost more than the

2. It should be noted that the Committee also had access to 600 square feet of the basement, although this footage is not included in the rental square footage cited in the lease.

3. This argument is unfounded. As previously noted (see n.3), although the lease did not expressly include the basement, the lessor concedes that the Committee had free access to 600 square feet of the basement.

outstanding rental payments.⁴

The Committee's response mirrors the lessor's response, particularly emphasizing that the premises were in "filthy and unpainted" condition. The Committee states that the premises were vacant prior to the Committee's occupation and have remained vacant since the Committee vacated the premises. The Committee further notes that it was understood by the Committee that former Congressman Young occupied the premises for a four year period prior to the Committee and was charged the same rent. The Committee also conceded that the rent has not been paid, but indicated an intent to hold a fundraiser in order to resolve the Committee's debts.

In order to obtain further information regarding the reasonableness of the rent charged and the terms of the lease, additional interrogatories were sent to both the Committee and the lessor on May 9, 1991. Both parties have responded. Upon a close examination of all information provided to this Office by the Committee, as well as by C.F. Vatterott, this Office believes that neither the rental amount charged nor the extension of credit was commercially reasonable from the outset of the rental arrangement.

Regarding the amount of rent charged the Committee, this Office requested the leases for all tenants of St. Timothy Lane, as well as any additional documents relevant to those leases.

4. Thus far, the lessor has mailed the Committee two requests for payment, one prior to notification of the complaint and one after said notification.

Based on the difference in rent charged the Committee versus the other St. Timothy Lane tenants, Chez James Coiffures and E.M.C.O. Refrigeration Service Company ("Tenant #1" and "Tenant #2," respectively), the rental amount charged the Committee indicates that the Committee's rent was not commercially reasonable.

93040942584
In support of the low rent, the lessor argues that parking was limited, yet a copy of the plot plan for the property reveals a large parking lot behind the rental building, in addition to the spaces located immediately in front of the building. In response to the interrogatories, the lessor stated that this parking lot was available for use. The lessor further asserts that the location of the building is undesirable, yet "Tenant #1" is paying a considerably higher rental than the Committee, \$485.33 per month (for two years), for the same square footage. Similarly, "Tenant #2" paid \$950 per month for the first year and \$1,175.83 per month for the second and third years of its lease.⁵ These rental differentiations can not be attributed to the use of a broker to procure the Baine lease (see MUR 3000), as a broker was not used. Furthermore, the difference in rents is further increased by the fact that "Tenant #1" additionally pays \$14.67 per month and "Tenant #2" pays \$117 per month for maintenance of the common areas, while the Committee's lease provided for no such fee. Moreover, "Tenant #1" had to furnish a \$520 security deposit and "Tenant

5. This rental space is over three times the size of the Committee's space.

#2" a \$285 security deposit, while the Committee supplied no security deposit.

93040942585

Additionally and importantly, in the course of discovery, the lessor provided this Office with two telling letters. The letters, dated October 1989 and November 1990, respectively, are from the lessor to "Tenant #2." The first letter offered that "Tenant #2" extend into the Committee's office space at approximately \$208/month for at least three years. In the letter, the lessor stated that the space was being "marketed at a higher rent than you are paying on your present space," but the lessor was offering these rates because "Tenant #2" was a good tenant. At that time, "Tenant #2" was paying \$950/month. A second letter again asked the "Tenant #2" if they would like to take over the Committee's office space at the rates stated in the first letter; this letter stated that the space was being marketed at \$7.25 per square foot.⁶

In addition to the absence of commercially reasonable rent, the non-monetary terms of the Committee's lease were not in the in the ordinary course of business. Neither "Tenant #1's" nor "Tenant #2's" lease provides for a one day cancellation notice, yet the Committee's lease provided for a one day cancellation notice. Both "Tenants #1" and "Tenant #2" are required to pay the rent on the first day of the month, yet the Committee's lease did not provide for a payment schedule. The favorable treatment afforded the Committee is even more apparent upon an

6. The Committee, however, was only charged \$180.90 per month or \$2.40 per square foot.

examination of the leases from other rental properties owned by the lessor in the surrounding area. Out of seven additional rentals, none of the leases failed to provide a payment schedule or permitted a day's cancellation notice.

Lastly, the absence of rental collection efforts by the lessor is further evidence that a corporate contribution occurred. The Committee vacated the office space on August 12, 1990. C.F. Vatterott Commercial Properties, Inc. has provided this Office with a copy of an invoice sent to the Committee on August 17, 1990. This appears to be the only bill sent to the Committee prior to the lessor's notification of the complaint in this matter. However, an additional invoice was sent to the Committee on November 6, 1990. In that correspondence, the lessor noted this pending matter and requested that the Committee submit payment so that any problems with the Commission could be resolved immediately. No other collection efforts have been made. Noting that the costs of a civil suit to collect the rent would far outweigh the outstanding rental, the lessor remains reluctant to seek legal redress. This explanation, however, is contrary to the terms of the lease which provides that the Committee shall reimburse the lessor, upon demand, for any costs or expenses incurred in connection with any breach or default by the Committee, under the lease. Hence, it seems reasonable that C.F. Vatterott should seek the Committee's unpaid rent through legal

93040942586

means.⁷

Although the Committee's office space was allegedly in an undesirable state at the time of the Committee's lease, vacant for approximately two years prior to the Committee's occupation, and remains vacant since the Committee vacated the property, it nevertheless appears that the amount of rent charged was not commercially reasonable and the extension of credit to the Committee was not in the ordinary course of business. Therefore, this Office recommends that the the Commission find probable cause to believe that the John M. Baine For Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. § 441b(a) by accepting a prohibited contribution from C.F. Vatterott Commercial Properties, Inc.

C. Reporting

Pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by the reporting committee during the the reporting period must be disclosed. The regulations further state that any debts and obligations owed by or to a political committee which remain outstanding must be continuously reported. 11 C.F.R. § 104.11.

7. The Commission is aware of one other instance in which a lessor defaulted on its rental payments to lessee C.F. Vatterott Commercial Properties. The lessee states that matter was turned over to a collection agency; however, the agency could not locate the debtor. At that point, the lessee decided to write it off as a bad debt. The lessee did not contact a collection agency to handle the Baine Committee's default. Therefore, the lessee clearly treated its non-political debtor differently from its political debtor.

93040942587

The Committee occupied 3901 St. Timothy Street from February 20, 1990 until August 12, 1990 and made no rent payments during that period. Indeed, the Committee acknowledges that the rental is unpaid. To date, the Committee has failed to disclose the outstanding rent as a debt or obligation.

The Act further requires quarterly reports to be filed with the House of Representatives by the fifteenth day of the following month, and pre-election reports to be filed by no later than the 12th day before any election. See 2 U.S.C. §§ 434(a)(4)(A)(i) and (ii). A copy of each report required to be filed under the Act must be filed by the same deadline with the Secretary of State (or the equivalent state office) of the appropriate state by these same deadlines. 2 U.S.C. § 439(a)(1).

In the instant case, copies of the Committee's 1990 April, July and Pre-Primary reports were required to be filed no later than April 15, July 15 and July 26, 1990, respectively. Missouri's Secretary of State confirmed that the Committee's 1990 April and July Quarterly Reports were never filed with that Office, although the Committee's 1990 Pre-Primary was timely filed.

Therefore, this Office recommends that the Commission find probable cause to believe that the John M. Baine For Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8) and 439(a)(1) by failing to continuously report the Committee's outstanding obligation to C.F. Commercial

93040942588

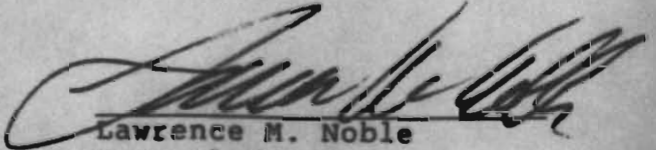
Properties, Inc. and by failing to file both the 1990 April and July Quarterly with the Missouri Secretary of State.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe that the John M. Baine For Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 441a(f).
2. Find probable cause to believe the John M. Baine For Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 439(a)(1), and 441b(a).

Date

11/1/91


Lawrence M. Noble
General Counsel

Staff Assigned: Dodie Kent

93040942589



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 4, 1991

Robert Baine, Esq.
Baine & McHugh
225 South Meramec
Suite 1025
Clayton, MO 63105

RE: MUR 3093
Robert Baine

Dear Mr. Baine:

Based on a complaint filed with the Federal Election Commission on July 30, 1990, and information supplied by you, the Commission, on January 22, 1991, found that there was reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

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

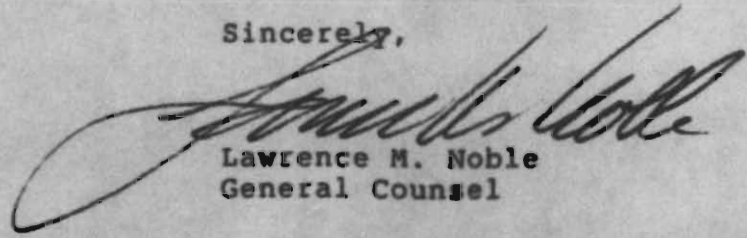
93040942590

Robert Baine
Page Two

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

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

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

Lawrence M. Noble
General Counsel

Enclosure
Brief

93040942591

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)

)

MUR 3093

)

Robert Baine

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen, alleging, inter alia, that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ accepted an excessive contribution in the form of real property and/or the proceeds from a loan against that property from Robert and Maureen Baine (parents of John M. Baine).

On January 22, 1991, the Commission found reason to believe Robert Baine violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the John M. Baine For Congress Committee in the amount of \$165,000.

Interrogatories and document requests were sent to the Committee, John M. Baine and Robert and Maureen parents. All have responded.

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to John M. Baine, himself.

93040942592

II. ANALYSIS

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989, which was filed on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this

93040942593

property from American Bank. In his original response, Baine did not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claimed that he had always possessed equitable title to the property.

At the time this Office made its initial recommendations regarding the mortgage proceeds, it appeared that the proceeds from the mortgage were used in connection with John M. Baine's campaign. However, this Office's investigation has instead indicated that none of the proceeds from the April 19, 1990 American Bank loan were used in John Baine's campaign. In this regard, a brief examination of John Baine's history concerning the property in question is necessary.

According to the responses of Robert, Maureen and John Baine, John Baine wished to purchase the property in question in 1987. Due to John Baine's age and lack of credit, the original mortgage on the house, which was from Mercantile Bank, had to be taken in the names of Robert and Maureen Baine. Respondents indicate that although John Baine and his wife had earlier obtained a \$5,100 personal loan from American Bank, American Bank was not willing to extend credit to Baine for the mortgage he needed in 1987. Nevertheless, John Baine states that he made all the mortgage payments. By 1990, the year in which the Mercantile loan was due to mature, it appears that John Baine had established sufficient credit with American Bank. Consequently, American Bank extended Baine enough money to pay off the Mercantile loan, as well as Baine's earlier \$5,100

93040942594

American loan. Respondents provided documents evidencing the 1990 American loan to John M. Baine and how that loan's proceeds were used.

In this regard, Robert Baine's response includes a March 1, 1991 letter, albeit unsworn, from Robert A. Frahm, III, a commercial loan representative from American Bank, stating that the proceeds of the April 19, 1990 American Bank loan (\$165,000) to John and Margaret Baine paid off the balance of the original mortgage loan at the Mercantile Bank and the 1987 American loan. Robert Baine's response also included an April 25, 1990 letter from the Mercantile Bank which released Robert and Maureen from the original loan. The Deed of Release was also included. Thus, it appears that Robert and Maureen Baine quitclaimed the property to John Baine and his wife, Margaret, in order to allow the re-financing to take place in John Baine's name.

Based on the foregoing, this Office recommends that the Commission find no probable cause to believe that Robert Baine violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the John M. Baine For Congress Committee.

III. GENERAL COUNSEL'S RECOMMENDATION

1. Find no probable cause to believe that Robert Baine violated 2 U.S.C. § 441a(a)(1)(A), and close the file with regard to this respondent.

Date

11/1/91

Lawrence M. Noble
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 4, 1991

Maureen Baine
c/o Robert Baine
Baine & McHugh
225 South Meramec
Suite 1025
Clayton, MO 63105

RE: MUR 3093
Maureen Baine

Dear Ms. Baine:

Based on a complaint filed with the Federal Election Commission on July 30, 1990, and information supplied by you, the Commission, on January 22, 1991, found that there was reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

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

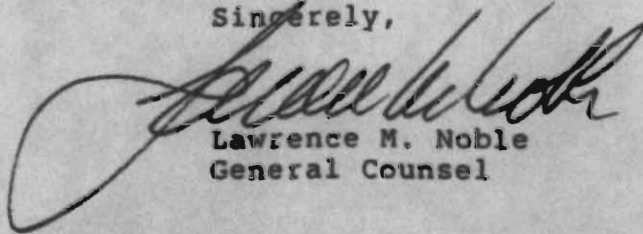
93040942596

Maureen Baine
Page Two

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

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

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

Lawrence M. Noble
General Counsel

Enclosure
Brief

93040942597

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)

) MUR 3093

Maureen Baine

)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen, alleging, inter alia, that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ accepted an excessive contribution in the form of real property and/or the proceeds from a loan against that property from Robert and Maureen Baine (parents of John M. Baine).

On January 22, 1991, the Commission found reason to believe Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the John M. Baine For Congress Committee in the amount of \$165,000.

Interrogatories and document requests were sent to the Committee, John M. Baine and Robert and Maureen Baine. All have responded.

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to John M. Baine, himself.

II. ANALYSIS

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989, which was filed on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this

93040942599

property from American Bank. In his original response, Baine did not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claimed that he had always possessed equitable title to the property.

At the time this Office made its initial recommendations regarding the mortgage proceeds, it appeared that the proceeds from the mortgage were used in connection with John M. Baine's campaign. However, this Office's investigation has instead indicated that none of the proceeds from the April 19, 1990 American Bank loan were used in John Baine's campaign. In this regard, a brief examination of John Baine's history concerning the property in question is necessary.

According to the responses of Robert, Maureen and John Baine, John Baine wished to purchase the property in question in 1987. Due to John Baine's age and lack of credit, the original mortgage on the house, which was from Mercantile Bank, had to be taken in the names of Robert and Maureen Baine. Respondents indicate that although John Baine and his wife had earlier obtained a \$5,100 personal loan from American Bank, American Bank was not willing to extend credit to Baine for the mortgage he needed in 1987. Nevertheless, John Baine states that he made all the mortgage payments. By 1990, the year in which the Mercantile loan was due to mature, it appears that John Baine had established sufficient credit with American Bank. Consequently, American Bank extended Baine enough money to pay off the Mercantile loan, as well as Baine's earlier \$5,100

93040942600

American loan. Respondents provided documents evidencing the 1990 American loan to John M. Baine and how that loan's proceeds were used.

In this regard, Robert Baine's response includes a March 1, 1991 letter, albeit unsworn, from Robert A. Frahm, III, a commercial loan representative from American Bank, stating that the proceeds of the April 19, 1990 American Bank loan (\$165,000) to John and Margaret Baine paid off the balance of the original mortgage loan at the Mercantile Bank and the 1987 American loan. Robert Baine's response also included an April 25, 1990 letter from the Mercantile Bank which released Robert and Maureen from the original loan. The Deed of Release was also included. Thus, it appears that Robert and Maureen Baine quitclaimed the property to John Baine and his wife, Margaret, in order to allow the re-financing to take place in John Baine's name.

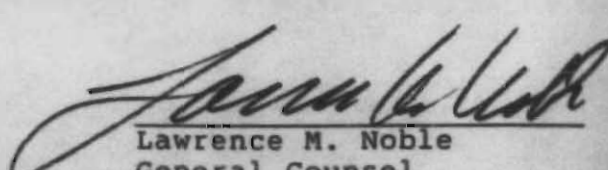
Based on the foregoing, this Office recommends that the Commission find no probable cause to believe that Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the John M. Baine For Congress Committee.

III. GENERAL COUNSEL'S RECOMMENDATION

1. Find no probable cause to believe that Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A), and close the file with regard to this respondent.

Date

11/1/91


Lawrence M. Noble
General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 4, 1991

John M. Baine
23 Chaminade Drive
Creve Coeur, MO 63141

RE: MUR 3093
John M. Baine

Dear Mr. Baine:

Based on a complaint filed with the Federal Election Commission on July 30, 1990, and information supplied by you, the Commission, on January 22, 1991, found that there was reason to believe that you violated 2 U.S.C. § 441a(f) and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

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

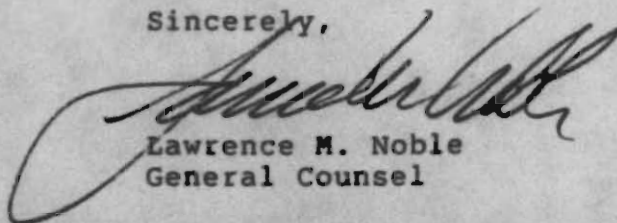
93040942602

John M. Baine
Page Two

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

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

93040942603

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
John M. Baine, individually) MUR 3093

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

93040942604
This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen, alleging that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ failed to itemize the Committee's expenditures on the 1990 April and July Quarterly Reports, accepted a prohibited contribution in the form of discounted rent from lessor Charles F. Vatterott Commercial Properties, Inc. and an excessive contribution in the form of real property and/or the proceeds from a loan against that property from Robert and Maureen Baine (parents of John M. Baine), and, lastly, failed to file copies of the Committee's quarterly reports with Missouri's Secretary of State.

On January 22, 1991, the Commission found reason to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Robert and

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to John M. Baine, himself.

Maureen Baine on behalf of the John M. Baine For Congress Committee.

Interrogatories and document requests were sent to the Committee, John M. Baine and Robert and Maureen Baine. All have responded.

II. ANALYSIS

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include

[a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

11 C.F.R. § 110.10(b)(1). Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

93040942605

John M. Baine signed a Statement of Candidacy on November 16, 1989, which was filed on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property from American Bank. In his original response, Baine did not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office; instead, Baine claimed that he had always possessed equitable title to the property.

At the time this Office made its initial recommendations regarding the mortgage proceeds, it appeared that the proceeds from the mortgage were used in connection with John M. Baine's campaign. However, this Office's investigation has instead indicated that none of the proceeds from the April 19, 1990 American Bank loan were used in John Baine's campaign. In this regard, a brief examination of John Baine's history concerning the property in question is necessary.

According to the responses of Robert, Maureen and John Baine, John Baine wished to purchase the property in question in 1987. Due to John Baine's age and lack of credit, the original mortgage on the house, which was from Mercantile Bank, had to be taken in the names of Robert and Maureen Baine. Respondents indicate that although John Baine and his wife had earlier obtained a \$5,100 personal loan from American Bank, American Bank was not willing to extend credit to Baine for the

93040942606

mortgage he needed in 1987. Nevertheless, John Baine states that he made all the mortgage payments. By 1990, the year in which the Mercantile loan was due to mature, it appears that John Baine had established sufficient credit with American Bank. Consequently, American Bank extended Baine enough money to pay off the Mercantile loan, as well as Baine's earlier \$5,100 American loan. Respondents provided documents evidencing the 1990 American loan to John M. Baine and how that loan's proceeds were used.

In this regard, Robert Baine's response includes a March 1, 1991 letter, albeit unsworn, from Robert A. Frahm, III, a commercial loan representative from American Bank, stating that the proceeds of the April 19, 1990 American Bank loan (\$165,000) to John and Margaret Baine paid off the balance of the original mortgage loan at the Mercantile Bank and the 1987 American loan. Robert Baine's response also included an April 25, 1990 letter from the Mercantile Bank which released Robert and Maureen from the original loan. The Deed of Release was also included. Thus, it appears that Robert and Maureen Baine quitclaimed the property to John Baine and his wife, Margaret, in order to allow the re-financing to take place in John Baine's name.

Based on the foregoing, this Office recommends that the Commission find no probable cause to believe that John M. Baine, individually, violated 2 U.S.C. § 441a(f) by accepting an excessive contribution on behalf of the John M. Baine For Congress Committee from Robert and Maureen Baine.

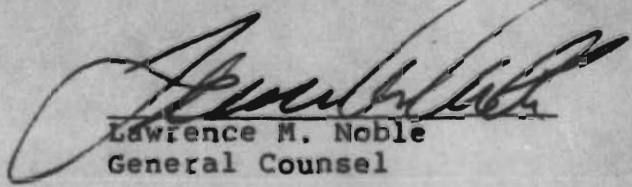
93040942607

III. GENERAL COUNSEL'S RECOMMENDATION

1. Find no probable cause to believe that John M. Baine, individually, violated 2 U.S.C. § 441a(f).

Date

11/1/91


Lawrence M. Noble
General Counsel

93040942608



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 4, 1991

Gregory B. Vatterott, President
C.F. Vatterott Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, MO 63074

RE: MUR 3093
C.F. Vatterott Commercial
Properties, Inc.

Dear Mr. Vatterott:

Based on a complaint filed with the Federal Election Commission on July 30, 1990, and information supplied by you, the Commission, on January 22, 1991, found that there was reason to believe that C.F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a) and instituted an investigation of this matter.

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

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

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

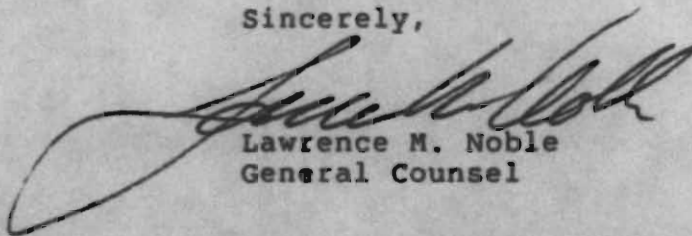
93040942609

Gregory B. Vatterott, President
Page Two

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

Should you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

93040942610

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3093
Charles F. Vatterott Commercial)
Properties, Inc.)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

93040942611
This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen, alleging, inter alia, that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine For Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ accepted a prohibited contribution in the form of discounted rent from lessor Charles F. Vatterott Commercial Properties, Inc.

On January 22, 1991, the Commission found reason to believe that C.F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Committee.

Interrogatories and document requests were sent to the Committee and C.F. Vatterott Commercial Properties. Both have responded.

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to John M. Baine, himself.

II. ANALYSIS

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office. For purposes of this section, the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

John M. Baine leased office space for his campaign headquarters from a corporation known as Charles F. Vatterott Commercial Properties, Inc. The lease which John Baine himself has supplied states that the rent to be paid was \$180.90 per month for 832 square feet of rental space, i.e., \$ 2.40 per square foot.² Lessor Charles F. Vatterott Commercial Properties, Inc. confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at \$180.90 per month. The complaint alleges that the fair market rental value for Baine's office space during the time period involved was between \$700 and \$1,200 per month. According to the corporate lessor, none of this rent has been paid.

2. It should be noted that the Committee also had access to 600 square feet of the basement, although this footage is not included in the rental square footage cited in the lease.

93040942612

93040942613

In both its initial response to the complaint and its response to the Commission's finding, the corporate lessor set forth several reasons for both the rental amount charged, as well as the absence of rental collection efforts on the part of the lessor. First, in support of the \$180.90 rental charge, the lessor argues that the condition of the rental premises, together with its location and parking facilities, made the rental charged commercially reasonable. The lessor further argues that the rate per square foot is comparable to other rentals in the building because the Baine rental did not include the basement.³ Secondly, the lessor claims that pursuit of the unpaid rent through legal action would cost more than the outstanding rental payments.⁴

The Committee's response mirrors the lessor's response, particularly emphasizing that the premises were in "filthy and unpainted" condition. The Committee states that the premises were vacant prior to the Committee's occupation and have remained vacant since the Committee vacated the premises. The Committee further notes that it was understood by the Committee that former Congressman Young occupied the premises for a four year period prior to the Committee and was charged the same rent. The Committee also conceded that the rent has not been

3. This argument is unfounded. As previously noted (see n.2), although the lease did not expressly include the basement, the lessor concedes that the Committee had free access to 600 square feet of the basement.

4. Thus far, the lessor has mailed the Committee two requests for payment, one prior to notification of the complaint and one after said notification.

paid, but indicated an intent to hold a fundraiser in order to resolve the Committee's debts.

In order to obtain further information regarding the reasonableness of the rent charged and the terms of the lease, additional interrogatories were sent to both the Committee and the lessor on May 9, 1991. Both parties have responded. Upon a close examination of all information provided to this Office by the Committee, as well as by C.F. Vatterott, this Office believes that neither the rental amount charged nor the extension of credit was commercially reasonable from the outset of the rental arrangement.

Regarding the amount of rent charged the Committee, this Office requested the leases for all tenants of St. Timothy Lane, as well as any additional documents relevant to those leases. Based on the difference in rent charged the Committee versus the other St. Timothy Lane tenants, Chez James Coiffures and E.M.C.O. Refrigeration Service Company ("Tenant #1" and "Tenant #2," respectively), the rental amount charged the Committee indicates that the Committee's rent was not commercially reasonable.

In support of the low rent, the lessor argues that parking was limited, yet a copy of the plot plan for the property reveals a large parking lot behind the rental building, in addition to the spaces located immediately in front of the building. In response to the interrogatories, the lessor stated that this parking lot was available for use. The lessor further asserts that the location of the building is undesirable, yet

93040942614

93040942615

"Tenant #1" is paying a considerably higher rental than the Committee, \$485.33 per month (for two years), for the same square footage. Similarly, "Tenant #2" paid \$950 per month for the first year and \$1,175.83 per month for the second and third years of its lease.⁵ These rental differentiations can not be attributed to the use of a broker to procure the Baine lease (see MUR 3000), as a broker was not used. Furthermore, the difference in rents is further increased by the fact that "Tenant #1" additionally pays \$34.67 per month and "Tenant #2" pays \$117 per month for maintenance of the common areas, while the Committee's lease provided for no such fee. Moreover, "Tenant #1" had to furnish a \$520 security deposit and "Tenant #2" a \$285 security deposit, while the Committee supplied no security deposit.

Additionally and importantly, in the course of discovery, the lessor provided this Office with two telling letters. The letters, dated October 1989 and November 1990, respectively, are from the lessor to "Tenant #2." The first letter offered that "Tenant #2" extend into the Committee's office space at approximately \$208/month for at least three years. In the letter, the lessor stated that the space was being "marketed at a higher rent than you are paying on your present space," but the lessor was offering these rates because "Tenant #2" was a good tenant. At that time, "Tenant #2" was paying \$950/month. A second letter again asked the "Tenant #2" if they would like

5. This rental space is over three times the size of the Committee's space.

to take over the Committee's office space at the rates stated in the first letter; this letter stated that the space was being marketed at \$7.25 per square foot.⁶

In addition to the absence of commercially reasonable rent, the non-monetary terms of the Committee's lease were not in the ordinary course of business. Neither "Tenant #1's" nor "Tenant #2's" lease provides for a one day cancellation notice, yet the Committee's lease provided for a one day cancellation notice. Both "Tenants #1" and "Tenant #2" are required to pay the rent on the first day of the month, yet the Committee's lease did not provide for a payment schedule. The favorable treatment afforded the Committee is even more apparent upon an examination of the leases from other rental properties owned by the lessor in the surrounding area. Out of seven additional rentals, none of the leases failed to provide a payment schedule or permitted a day's cancellation notice.

Lastly, the absence of rental collection efforts by the lessor is further evidence that a corporate contribution occurred. The Committee vacated the office space on August 12, 1990. C.F. Vatterott Commercial Properties, Inc. has provided this Office with a copy of an invoice sent to the Committee on August 17, 1990. This appears to be the only bill sent to the Committee prior to the lessor's notification of the complaint in this matter. However, an additional invoice was sent to the Committee on November 6, 1990. In that

6. The Committee, however, was only charged \$180.90 per month or \$2.40 per square foot.

93040942616

correspondence, the lessor noted this pending matter and requested that the Committee submit payment so that any problems with the Commission could be resolved immediately. No other collection efforts have been made. Noting that the costs of a civil suit to collect the rent would far outweigh the outstanding rental, the lessor remains reluctant to seek legal redress. This explanation, however, is contrary to the terms of the lease which provides that the Committee shall reimburse the lessor, upon demand, for any costs or expenses incurred in connection with any breach or default by the Committee, under the lease. Hence, it seems reasonable that C.F. Vatterott should seek the Committee's unpaid rent through legal means.⁷

Although the Committee's office space was allegedly in an undesirable state at the time of the Committee's lease, vacant for approximately two years prior to the Committee's occupation, and remains vacant since the Committee vacated the property, it nevertheless appears that the amount of rent charged was not commercially reasonable and the extension of credit to the Committee was not in the ordinary course of business. Therefore, this Office recommends that the the Commission find probable cause to believe that C.F. Vatterott Commercial

7. The Commission is aware of one other instance in which a lessor defaulted on its rental payments to lessee C.F. Vatterott Commercial Properties. The lessee states that matter was turned over to a collection agency; however, the agency could not locate the debtor. At that point, the lessee decided to write it off as a bad debt. The lessee did not contact a collection agency to handle the Baine Committee's default. Therefore, the lessee clearly treated its non-political debtor differently from its political debtor.

Properties, Inc. violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the John M. Baine Committee.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a).

Date

11/1/89

Lawrence M. Noble
General Counsel

93040942618

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 NOV 18 PM 1:21

November 13, 1991

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E. Sheet NW
Washington, D.C. 20463

Re: Letter of 11/4/91 MUR 3093

Dear Mr. Noble:

Thank you for your letter of 11/4/91. I will be happy to finally get this matter put to rest.


I would like to officially request an extension as allowed by the code. The letter was dated the 4th, but somehow the change of address for the committee did not reach the office of General Counsel. The postal forward was as of 11/8/91 (photo copy enclosed, received 11/12/91).

I very much want the opportunity to work with you to resolve this matter. "The concerned citizen's" accusations were bootless in body and have done nothing but waste the valuable time of the FEC and its staff.

I was the one solely responsible for setting up my campaign and filing the reports and I have to be honest with you, I am lost in the maze of regulations. I have told you the truth, as have those whom you requested other information, and we only wish you could be here to see our positions clearly.

We appear to be closing the books on my efforts. Please keep in mind that I have no formal legal training when explaining these issues to me. I am hopeful that truth is the ultimate defense. I look forward to working with you and giving this campaign the burial it has waited for. Thank you.

Sincerely,


John M. Baine
cc: Dodie C. Kent

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 NOV 18 PM 3:31

93040942619

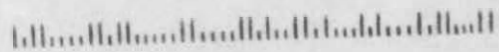
POSTAGE AND FEES PAID
FEDERAL ELECTION COMMISSION

617



John M. Baine, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine
225 South Meramec
Suite 1025
Clayton, MO 63105

BAIN225* 631053034 1991 11/08/91
NOTIFY SENDER OF NEW ADDRESS
BAINE ROBERT P JR
755 RUE SAINT FRANCOIS
FLORISSANT MO 63031-4952



93040942620

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE, \$300

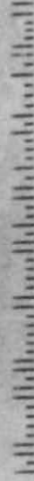
9 3 0 4 0 9 4 2 6 2 1

POSTAGE AND FEES PAID
FEDERAL ELECTION COMMISSION
617



John M. Baine, Treasurer
John M. Baine For Congress Committee
c/o Robert P. Baine
225 South Meramec
Suite 1025
Clayton, MO 63105

BAIN225# 631053034 1991 11/08/91
NOTIFY SENDER OF NEW ADDRESS
BAINE ROBERT P JR
755 RUE SAINT FRANCOIS
FLORISSANT MO 63031-4952





FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 21, 1991

John M. Baine, Treasurer
John M. Baine for Congress Committee
c/o Robert P. Baine
755 Rue Saint Francois
Florissant, MO 63031-4952

RE: MUR 3093

Dear Mr. Baine:

This is in response to your letter dated November 13, 1991, which we received on November 18, 1991, requesting an extension time to respond to the General Counsel's Brief in the above-cited matter. After considering the circumstances presented in your letter and discussed during your subsequent telephone conversation with Anne Weissenborn of this Office, I have granted an extension of fifteen days. Accordingly, your response is due by the close of business on December 12, 1991.

If you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

A handwritten signature in dark ink, appearing to read "L92", is written over the typed name of Lois G. Lerner.

Lois G. Lerner
Associate General Counsel

93040942622

CHARLES F. VATTEROTT COMMERCIAL
PROPERTIES, Inc.

86-3477
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

91 NOV 20 AM 9:41

10449 ST. CHARLES ROCK ROAD
ST. ANN, MISSOURI 63074-1899
314/427-4000 • FAX 314/427-5589

November 13, 1991

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

Attn: Dodie C. Kent

Re: MUR #3093- C. F. Vatterott Commercial
Properties, Inc. - Complaint against John Baine

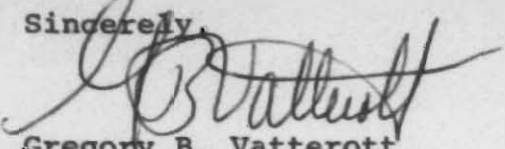
Dear Mr. Noble:

This letter is in response to your correspondence dated November 4, 1991 stating that the Office of General Counsel is prepared to recommend that the Commission find probable cause to believe that a violation has occurred.

We hereby request the maximum extension in order that our attorney may review the voluminous file that exists to enable him to prepare a responsive brief stating our position in this matter.

We are awaiting your response to our request.

Sincerely,


Gregory B. Vatterott
President

GBV/mh

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 NOV 20 AM 11:15



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 27, 1991

Gregory B. Vatterott, President
Charles F. Vatterott Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, MO 63074-1899

RE: MUR 3093
Charles F. Vatterott
Commercial Properties, Inc.

Dear Mr. Vatterott:

This is in response to your letter dated November 13, 1991, which we received on November 20, 1991, requesting the "maximum" extension to respond to the General Counsel's Brief in the above-captioned matter. After considering the circumstances presented in your letter, I have granted a 45 day extension, a period which you deemed sufficient in a November 27, 1991 telephone conversation with staff of this Office. Accordingly, your response is due by the close of business on January 8, 1991.

If you have any questions, please contact Dodie C. Kent, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Anne Weissenborn
Acting Assistant General Counsel

93040942624

91 DEC -9 PM 12:28

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 DEC -9 AM 3:11

December 3, 1991

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E. Street NW
Washington, D.C. 20463

Re: MUR 3093

Dear Mr. Noble:

I have reviewed the General Counsel's Brief and I am anticipating the commission's, as well as my want to put my committee to rest as quickly as possible.

I would like to address the counsel's concerns one at a time by identifying facts that need to be presented.

A) Statement of Case:

1) Lili J. Cooper was not a concerned citizen. The complaint filed with the commission was first delivered to the major media outlets in the Metropolitan St. Louis Area and then a copy was set inside my door way at home. All of this was timed to get into Saturday print.

Ms. Cooper, in the St. Louis Post Dispatch, placed herself in the role of a supporter and operative for Joan Kelly Horn's campaign. (Ms. Horn was later victorious in the general election).

B) Prohibited Contribution:

1) The committee which I was in charge of and personally filed the reports for made numerous errors which I then worked with Mrs. Emily Leonard of the commission. I dispute the fact that the rent was not listed. It was listed as John M. Baine sub-leasing to the committee.

2) I approached C.F. Vatterott's rental agent and asked one question, "I have been told that former Congressman Bob Young rented space from you for his election efforts, if this were true could I get the same rates and conditions?"

When I received back the answer in the affirmative we took over vacant space at a rate we believed to be the rate charged to Congressman Young.

93040942625

The property was long vacant and needed considerable cleaning, painting and general restoration to bring it up to operational use. We left the property in better condition than when we moved in early in the summer.

Ms. Cooper, the concerned citizen, should be aware that the area of the Committees Headquarters was in an area of severe economic slow-down. There are many properties with in several hundred yards which have been vacant as long or longer. She was the person who asserted \$700-\$1,200 per month to catch the attention of the commission; she did not bother to call the agents we checked with in the area.

- a) Lack of rental collection effort; John M. Baine guaranteed the rent. I took 16 months away from my job and took a considerable cut in pay. I have told C.F. Vatterott they would be paid as soon as I could catch up on my personal obligations and for this patience I am grateful. The SEC frowns on their brokers going into bankruptcy protection.
- b) We were limited as to available convenient parking, by the other tenants.
- c) We had no access to basement storage.
- d) And the "For rent" sign was never taken down from above our window.
- e) C.F. Vatterott had the right to move us immediately if a more suitable tenant became available and still none has.
- f) I believe the commission needs to see the property and understand that getting something for vacant space in an economic slide helps a corporations bottom line. I implore the commission to think in a central-mid-west mind-set.
- g) The large rear-parking lot was only directly accessible through a basement entry way, which we had not leased or used.
- h) We realized we only paid \$2.40 per square foot and that the property was "marketed" at \$7.25 per foot. I contend that is why the property remains vacant, because the lessor is over priced for the neighborhood and times.
- i) The "one day cancellation" was for the lessors benefit to continue to rent the property when the committee had possession. It falls in line with the adage that a home with furniture often sells more easily than a vacant home. It was not in the ordinary course of business to not try and continue to rent the property knowing the short life of political headquarters.
- j) Again the committee could file for protection under the bankruptcy laws. But what good would that do? It could cause me to have actions with the SEC and C.F. Vatterott would still be out their money. We are trying very hard to work out this situation with either a fund raiser or I will pay it.

I am at a disadvantage. I ran with the hope of doing something grand. Now I am just hopeful that this will get this put to rest.

I have read Ms. Kents conclusions and I disagree. Errors might have occurred, but there was no malice nor intent to skirt the rules. I really want to believe in fairness, but the report uses terms like "ordinary course of business". I looked up the term in the code and it is not defined specifically. The action by Ms. Cooper was arbitrary and capricious and stands in direct violation with her oath as a member of the Missouri Bar Association.

C) Reporting: The statement that we had not reported the rent as an obligation is inaccurate. Please refer to any report which was filed at the commission, original or amended.

I dispute the fact that the April 15, July 15 and July 26, 1990 were never filed with the State. A simple phone call made to the Missouri Secretary of States Office Election Reporting Division confirms that all reports have been received and are on file, including the July 1991 report.

The conclusion of non-reporting therefore is greatly disputed and found to be confusing.

If timing is the question, were they done on a timely basis? I would concur that they were filed after Ms. Cooper's letter pointed out my failure file the State's part on a timely basis. This was immediately correct and sent to the State overnight-delivery on the following Monday from Ms. Coopers issuance of her statement.

I believe the fairest conclusion is to believe that you had a candidate who was acting as manager, treasurer, fund raiser and janitor. And if it were not for the help and patience of Emily Leonard, the reporting would have been very confused and incorrect.

We were blind sided by an old political trick which has resulted in a 15 month wake for my committee.

I am asking that the commission understand what the recession has done to earning power and that C.F. Vatterott has been generous in their desire to workout the debt. As well as the other creditors. Any other action could greatly affect my ability to provide for my family.

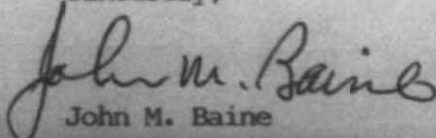
In conclusion, I would request the commission allow me to bury the committee and go on with our lives. I have accepted responsibility for all of the corrected errors and I am hopeful that the matter of C.F. Vatterott can be concluded immediately.

I ask for the release of C.F. Vatterott from any reprimand, fine or prosecution.

I will continue filing until the debts are resolved.

Thank you.

Sincerely,


John M. Baine

93040942627

OGC 4043

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JAN 10 PM 11:37

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
CHARLES F. VATTEROTT COMMERCIAL
PROPERTIES, INC.

}
MUR 3093

BRIEF OF CHARLES F. VATTEROTT COMMERCIAL PROPERTIES, INC.

I. STATEMENT OF THE CASE.

This matter was generated by a complaint filed by Lili J. Cooper, an attorney and supporter of Joan Kelly Horn, a candidate for Congress, and was distributed to the media at the same time as the complaint was filed with the Commission. The allegations contained in the politically motivated letter from this "concerned citizen" are untrue, and further, the General Counsel's Brief supporting the allegations of Mrs. Cooper shows a surprising paucity of understanding of real estate ownership and landlord/tenant matters, and is replete with half-truths, twisted logic, and mathematical errors.

II. ANALYSIS.

The facts in this case are that John M. Baine, a candidate for Congress, leased office space for his campaign headquarters from Charles F. Vatterott Commercial Properties, Inc., a company which had been leasing commercial space in the St. Ann area for well over forty (40) years.

The discussion in this brief will center around the allegations contained in the General Counsel's Brief. They will be briefly summarized as being "A" "Monetary" in nature, "B" "Non-monetary," (both with respect to the lease terms), and "C" "Collection Efforts."

A. Monetary Issues

1. General Counsel's Brief, page 2, indicates that the Baine rental space was \$2.40 a square foot. General Counsel has made a mathematical error. \$180.90 per month for 832 square feet of rental space is \$2.61 per square foot, not \$2.41, a 9% error by the General Counsel. Further, the General Counsel quotes the complaint as

93040942628

alleging that the fair market rental value for the candidate's office space was between \$700.00 and \$1,200.00 a month. This, of course, is ludicrous, as this rent would compute to between \$10.10 and \$17.30 a square foot, clearly out of the market range.

The general thrust of the brief by the Government is that the Baine lease did not compare with other commercial leases of the lessor in the area. However, the arguments of the General Counsel ignore the basic issue here -- was the rent and other terms contracted to between Charles F. Vatterott Commercial Properties, Inc. and Baine reasonable under the circumstances? There is no doubt that they were.

2. This was a temporary lease. It must be remembered that the real estate business is highly localized. A critic a thousand miles away has little concept of local market conditions, practices, and circumstances. The General Counsel ignores the fact that this lease was a temporary one, and not a long term lease, as are the ones he has determined to compare with the Baine lease. As a temporary lease, the space was taken on a "as is" basis instead of the customary landlord fix-up prior to tenant entry. The cost of the general fix-up, according to the landlord, would have been around several thousand dollars, which would have pushed the rental rate up considerably if added to the lease. Further, the space had not been leased for several years prior to the Baine lease, and has not been leased since. It lacks frontage on St. Charles Rock Road, the main artery. Even this temporary lease compares favorably with other per per square footage rentals on Charles F. Vatterott Commercial Properties, Inc. lease property located within one-sixteenth mile of the Baine demised premises. Attached and marked as Exhibit "A" is the lease to the St. Ann Lanes, at \$1.50 per square foot, Warson Graphics, at \$2.50 per square foot, and the United State Post Office, at \$2.82 per square foot. Only the St. Ann Lanes contains a security deposit. Therefore, the rate of \$2.61 for the Baine property was not unusual.

3. Property Condition. The Baine premises were in "filthy condition" at the beginning of the lease, and had not even been painted by the lessor prior to possession by Baine.

4. Lack of Security Deposit. Charles F. Vatterott Commercial Properties, Inc. customarily does not have a security deposit for temporary leases.

5. "Two Telling Letters." The General Counsel attempts to make hay with two letters, dated October, 1989, and November 1990, from the lessor, C. F. Vatterott Commercial Properties, Inc., to another tenant in the same building as Baine. The first letter, according to the General Counsel, offered that "Tenant #2" extend into the Committee's office space at approximately \$208/month for at least three years. Again, there is a mathematical error on the Counsel's part. The rate actually offered beginning of 1990 through March 31, 1991, was \$173.33 a month, or \$2.50 for square foot, less than the Baine lease. However, the General Counsel conveniently ignores the 2.50 square foot offer clearly mentioned in the October, 1989, letter in his overreaching effort to charge Charles F. Vatterott Commercial Properties with a corporate contribution. In the November 27, 1990 letter, the lessor does state that it was "marketing the (Baine) space" at \$7.25 a square foot, but of course, the marketing rate quoted is nothing more than a starting point in the natural give and take of landlord/tenant. The marketing was designed at a high figure in anticipation of the work required to make the space leasable, something that did not have to concern the lessor in the Baine lease.

Yet despite the "marketing language" in the November letter, the same November 27 letter offered the space to EMCO for \$2.75 a square foot, (\$190.67 a month), only \$9.77 a month more than Baine was later offered (\$2.61 per square foot).

**Non-Monetary Issues - One Day Cancellation, the Basement
the Parking Lot, and Other "Temporary Lease Items"**

1. Charles F. Vatterott Company charges no extra money for any of its tenants to use the basements. In fact, although it is understandable that the General Counsel, a thousand miles away, could not visualize the building, the basement is old, musty, and unfinished, and is rarely used by anyone who has rented the space, and cannot be accessed without going outside.

2. "One Day Cancellation" Term. The one day cancellation term was part of the negotiation process. As earlier mentioned, this was a temporary lease and the one day cancellation is a common term. Charles F. Vatterott continued to market the property during the temporary lease, and the one day cancellation benefit for the lessee was actually beneficial to the landlord as well, as it could more easily regain access to the premises in the event that the tenant lost the primary election. In a lack-luster market, when a tenant will walk in with no money having to be spent by the landlord, a one day cancellation notice is not unusual.

3. Parking Lot Issue. On page 4 of its lease, the General Counsel, after looking at a plot plan, determined that there was a "large parking lot" behind the rental building, in addition to the spaces located immediately in front of the building. This parking lot is not "large," and in fact, is an area which holds approximately 12 cars and was paved for employees only because one of the other tenants, Chez James Coiffures (referred to as "Tenant #1" in the General Counsel's brief) requested same. In the marketing for the Baine space, the landlord was looking for a user who would only need one to two spaces without a lot of customer activity. This is an extremely important issue -- as most commercial establishments need more than one or two spaces. Charles F. Vatterott Commercial Properties could not afford to have any new (i.e. Baine) tenant utilize more than one or two spaces, for fear that it would upset the tenants who needed the spaces in the parking lot and in front of the building. This would limit considerably the pool of potential users, and also would affect the rental rate and other terms.

4. Lack of Common Area Maintenance Fees and Security Deposit.

Charles F. Vatterott never charges common area maintenance ("CAM") for a short term user, nor does it always require a security deposit. This fact of the real estate business, would not be, understandably, within the realm of the General Counsel's knowledge of Midwestern landlord/tenant practices.

5. No "Payment Schedule". There is no payment schedule for the Baine lease, and admittedly, this was a typographical error on lessor's part. But it makes no difference from a legal standpoint, because under Missouri law, lease payments are due the first day of the month on a month to month lease. An examination of the lease agreement between Charles F. Vatterott Commercial Properties, Inc. and John M. Baine reveals that this was a month-to-month tenancy commencing on February 20. In Section 3(b), it is indicated that the rental for the period of February 20, 1990 through February 28, 1990 would be \$58.14, which further indicates that the \$180.90 per month would commence on March 1, 1990, and be due, in accordance with Missouri law, on the first of each month thereafter, except that in November of 1990, the rental would be \$60.30 for the rental period of November 1, 1990 through November 10, 1990.

The argument by the General Counsel that there was no payment schedule ignores Missouri law and is a frivolous argument.

C. Collection Efforts

1. The General Counsel argues that there was an absence of rental collection efforts by the lessor, and that is evidence that there has been a corporate contribution. The Committee vacated the space on August 12, 1990, and within five days, there was an invoice. The General Counsel assumes that this was the only collection effort, but in fact, numerous telephone calls were made. Further, there was an additional invoice sent to the Committee on November 6.

2. Charles F. Vatterott Commercial Properties, Inc. has argued that collection efforts would far outweigh the outstanding rental due of slightly over \$1,000.00. At approximately \$150.00 per hour for legal fees, plus court costs, against a defunct organization, this would seem to be a solid business decision in light of the unsuccessful candidate's large debts. However, that fact did not persuade the General Counsel, who argues that the lease terms provide that the tenant would reimburse the lessor, upon demand, for any cost or expenses incurred in connection with any breach or default by the Committee, which, of course, would include legal fees. This is probably the most ludicrous of all the government's arguments, because it presumes that the attorneys for Charles F. Vatterott Commercial Properties, Inc. would not have to be paid by the lessor even if there was obtained a judgment against the Committee. It assumes that the lawyers would work on the "if-come," and not be paid unless execution could be made against Baine.

The business decision made by Charles F. Vatterott Commercial Properties, Inc. that it did not wish to spend money on attorney's fees in the hopes that same, plus the rent, could be collected from Baine, is within the solid discretion of any lessor, and should not be challenged by a far away observer. The fact that Charles F. Vatterott Commercial Properties, Inc. chose not to use a collection agency is merely another business decision that same would be fruitless.

Summary

Charles F. Vatterott Commercial Properties, Inc. made a business decision to lease to a political office aspirant. The terms of the lease were conducted in view of the market, in view of the fact that Charles F. Vatterott & Company would not have to do any fix-up, that the property could continue to be marketed during the lease, and that the Company at least collect some rent for a space that had not been rented for several years (and has not been rented since) to create traffic, as well as to receive some much needed rent. The lease terms and the rent amount, on a square foot basis, compared with other leases by the same landlord in the same vicinity, copies of which are attached to this Brief. Due consideration was given to all factors, particularly the fact that the lessor did not have to spend thousands of dollars fixing up the premises, in reaching this negotiated lease. Wide latitude should be given to the lessor's discretion in reaching these business decisions, particularly in light of the fact that it has been in the area for 40 years, and is well cognizant of the market and other considerations in entering into such a lease.

There was never any intention whatsoever on the part of Charles F. Vatterott Commercial Properties to give favorable treatment to John M. Baine or to any other tenant, and therefore, Charles F. Vatterott Commercial Properties, Inc. is not in violation of 2 U.S.C. Section 441b(a) by making a prohibited contribution to the John M. Baine Committee.

Respectfully submitted,

VATTEROTT, SHAFFAR & DOLAN, P.C.

By 

Francis J. Vatterott #24220
Attorneys for Charles F. Vatterott
Commercial Properties, Inc.
10449 St. Charles Rock Road
St. Ann, Missouri 63074
(314) 427-2100



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 10, 1992

Mr. John M. Baine, Treasurer
John M. Baine for Congress Committee
23 Chaminade Dr.
St. Louis, Mo. 63141

RE: MUR 3093
John M. Baine for
Congress Committee and
John M. Baine, as
treasurer

Dear Mr. Baine:

On February 3, 1992, you requested that the Federal Election Commission permit the John M. Baine for Congress Committee ("Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of the ongoing enforcement matter involving your Committee, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

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

Sincerely,

A handwritten signature in cursive script, reading "Richard M. Denholm II", is written over a horizontal line.

Richard M. Denholm II
Attorney

cc: Reports Analysis Division

93040942635

M E M O R A N D U M

AG Edwards & Sons, Inc.
INVESTMENTS SINCE 1887

TO:

5/20/72

FROM:

DATE:

MUR 3093

Mr. Denholm,

In Compliance with our
Conversations I have sent on
to the State Copies of the reports
which you had noted. I have
Enclosed a copy of the Envelope
and the Return request Receipt.

After reviewing the original
Complaint these particular Reports
were not covered, But we always
want to be well within the law and
have this matter resolved! Thank you

John M. Benoit

Member New York Stock Exchange and Other Principal Exchanges

93040942636

BEFORE THE FEDERAL ELECTION COMMISSION

93FEB-5 PM12:51

In the Matter of)
) MUR 3093
John M. Baine for Congress)
Committee and John M. Baine, as)
treasurer; John M. Baine,)
individually; Robert Baine;)
Maureen Baine; Charles F. Vatterott)
Commercial Properties, Inc.)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by a complaint filed by Lili J. Cooper, a concerned citizen. The complaint alleged that John M. Baine, a candidate for the U.S. House of Representatives from Missouri's Second District at the time, and implicitly the John M. Baine for Congress Committee and August A. Busch, Jr., as treasurer (the "Committee"),¹ failed to itemize the Committee's expenditures on the 1990 April and July Quarterly Reports. It also alleged that the Committee accepted a prohibited contribution in the form of discounted rent from lessor Charles F. Vatterott Commercial Properties, Inc. ("Vatterott" or "Lessor") and accepted an excessive contribution in the form of real property and/or the proceeds from a loan against that property from Robert and Maureen Baine (parents of John M. Baine). Lastly, it alleged that the Committee failed to file copies of the Committee's quarterly reports with Missouri's Secretary of State.

1. John M. Baine recently amended the Committee's Statement of Organization, changing the treasurer from August A. Busch, Jr. to himself. Accordingly, this Office will refer to Baine as the treasurer.

93040942637

9 3 0 4 0 9 4 2 6 3 8

On January 22, 1991, the Commission found reason to believe the Committee violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 434(b)(8) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in a single calendar year, and failing to disclose the amount and nature of the Committee's outstanding debts. The Commission further found reason to believe Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution to the John M. Baine for Congress Committee in the amount of \$165,000. Due to John M. Baine's personal involvement with the transaction, the Commission found reason to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting the excessive contribution. Furthermore, the Commission determined that there was reason to believe Vatterott violated 2 U.S.C. § 441b(a) by making a prohibited contribution to the Committee in the form of discounted rent. The Commission found reason to believe that the Committee violated 2 U.S.C. §§ 441a(f) and 441b(a) by accepting the above excessive and prohibited contributions. Lastly, the Commission found reason to believe that the Committee violated 2 U.S.C. § 439(a)(1). Interrogatories and document requests were sent to the Respondents at that time. All since have responded. (Attachment 1).

On November 4, 1991, General Counsel's Briefs were mailed to the Respondents. The Briefs stated that the Office of the General Counsel was prepared to recommend that the Commission find probable cause to believe that the John M. Baine for

93040942639

Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 439(a)(1), and 441b(a). In addition, this Office was prepared to recommend that the Commission find probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a). This Office was also prepared to recommend the following: no probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 441a(f); no probable cause to believe that Robert Baine and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A); and no probable cause to believe that John M. Baine, individually, violated 2 U.S.C. § 441a(f).

The Committee and Vatterott were granted extensions to respond to the probable cause recommendations in the General Counsel's Briefs. John M. Baine, on behalf of the Committee, filed a response on December 9, 1991. (Attachment 2). Vatterott filed its response on January 13, 1992. (Attachment 3).

II. ANALYSIS

This report contains several recommendations. First, this Office recommends that the Commission find no probable cause to believe that Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A). Second, this Office recommends that the Commission find no probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f). Third, this Office recommends that the Commission find no

probable cause to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution for the John M. Baine for Congress Committee from Robert and Maureen Baine. Fourth, because Vatterott made limited efforts to collect outstanding rent from the Committee, this Office recommends that the Commission find probable cause to believe that the John M. Baine for Congress Committee violated 2 U.S.C. § 441b(a). Next, this Office recommends that the Commission find probable cause to believe that C.F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a). This Office also recommends that the Commission find probable cause to believe that John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8) and 439(a)(1).

A. Excessive Contributions and Failure to Report

No person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office, which in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A). However, a candidate for Federal office may make unlimited expenditures from his or her personal funds, including disbursements to the candidate's authorized political committees. See 11 C.F.R. § 110.10(a). "Personal funds" include [a]ny assets which . . . at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest.

93040942640

11 C.F.R. § 110.10(b)(1). Furthermore, no individual may make contributions aggregating more than \$25,000 in any calendar year. Lastly, any candidate who receives a contribution, or any loan for use in connection with the campaign of such candidate for election, or makes a disbursement in connection with such campaign, shall be considered, for purposes of this Act, as having received the contribution or loan, or as having made the disbursement, as the case may be, as an agent of the authorized committee or committees of such candidate. 2 U.S.C. § 432(e)(2) with § 432(e)(1).

John M. Baine signed a Statement of Candidacy on November 16, 1989, which was filed on January 11, 1990. On April 16, 1990, Baine's parents, Robert and Maureen Baine, conveyed a parcel of real property to John Baine and his wife, Margaret, via a quit claim deed. Three days later, on April 19, 1990, John Baine took out a \$167,500 mortgage on this property from American Bank.

In his original response, Baine did not deny the allegation that the proceeds of this mortgage were used in connection with his bid for Federal office. Instead, Baine claimed that he had always possessed equitable title to the property. At the time this Office made its initial recommendations regarding the mortgage proceeds, it appeared that the proceeds from the mortgage were used in connection with John M. Baine's campaign. However, this Office's investigation subsequently has indicated

93040942641

that none of the proceeds from the April 19, 1990 American Bank loan were used in John Baine's campaign. In this regard, a brief examination of John Baine's history concerning the property in question is necessary.

According to the Respondents, John Baine wished to purchase the property in question in 1987. Due to John Baine's age and lack of credit, the original mortgage on the house, which was from Mercantile Bank, was taken in the names of Robert and Maureen Baine. Nevertheless, John Baine apparently made all the mortgage payments. Although John Baine and his wife had earlier obtained a \$5,100 personal loan from American Bank, apparently American Bank was not comfortable extending credit to Baine for the mortgage he needed in 1987. By 1990, the year in which the Mercantile loan was due to mature, it appears that John Baine had established credit with American Bank. Consequently, American Bank extended Baine a sufficient amount of money to pay off the Mercantile loan as well as the Baines' \$5,100 American loan. Documents provided to this Office by the Baines support this series of events.

Robert Baine's response included a March 1, 1991 letter, albeit unsworn, from Robert A. Frahm, III, a commercial loan representative from American Bank, stating that the proceeds of the April 19, 1990 American Bank loan (\$165,000) to John and Margaret Baine paid off the balance of the original mortgage loan at the Mercantile Bank and the 1987 \$5,100 American loan.

93040942642

Robert Baine's response also included an April 25, 1990 letter from the Mercantile Bank which released Robert and Maureen from the original loan. The Deed of Release was also included. Thus, it appears that Robert and Maureen Baine quitclaimed the property to John Baine and his wife, Margaret, in order to allow the re-financing to take place in John Baine's name.

Based on the foregoing, this Office recommends that the Commission find no probable cause to believe that Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the John M. Baine for Congress Committee. Therefore, this Office further recommends that the Commission find no probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f) by failing to report the total amount of Robert and Maureen Baine's contribution, failing to identify Robert and Maureen Baine as contributors in excess of \$200 in a single calendar year, and by accepting excessive contributions from Robert and Maureen Baine. Lastly, this Office recommends that the Commission find no probable cause to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution for the John M. Baine for Congress Committee from Robert and Maureen Baine.

B. Prohibited Contributions

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

93040942643

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

John M. Baine leased office space for his campaign headquarters from Charles F. Vatterott Commercial Properties, Inc. The lease (which Baine supplied) stated that the rent to be paid was \$180.90 per month for 832 square feet of rental space, i.e., \$ 2.61 per square foot.² Lessor confirmed that it leased the office space in question to John Baine for the period February 20, 1990 through August 12, 1990 at \$180.90 per month. The complaint alleged that the fair market rental value for Baine's office space during the time period involved was between \$700 and \$1,200 per month. According to the corporate lessor, none of this rent has been paid.

1. Initial Responses by the Respondents

In both its initial response to the complaint and its response to the Commission's finding, Vatterott argued that the terms of the lease were commercially reasonable. In support of the \$180.90 rental charge, Vatterott argued that the condition of the rental premises, together with its location and parking

2. It should be noted that the Committee also had access to 600 square feet of the basement, although this footage is not included in the rental square footage cited in the lease. Also, the General Counsel's Brief stated that the rate per square foot was \$2.40. The rate per square foot appears to be \$2.61 based on 832 square feet for 12 months at \$180.90 per month.

93040942644

facilities, made the rent charged commercially reasonable. Vatterott further argued that the rate per square foot was comparable to other rentals in the building because the Baine rental did not include the basement. Vatterott also claimed that pursuit of the unpaid rent through legal action would cost more than the value of the outstanding rental payments.

The Committee's response mirrored the lessor's response, particularly emphasizing that the premises were in "filthy and unpainted" condition. The Committee stated that the premises were vacant prior to the Committee's occupation and have remained vacant since the Committee vacated the premises. The Committee further noted that it was understood by the Committee that former Congressman Young occupied the premises for a four year period prior to the Committee and was charged the same rent. According to the Committee, no further inquiries concerning the rent were made. The Committee also conceded that the rent had not been paid, but indicated an intent to hold a fundraiser in order to resolve the Committee's debts.

In order to obtain further information regarding the reasonableness of the rent charged and the terms of the lease, additional interrogatories were sent to both the Committee and the lessor on May 9, 1991. Both parties responded. (Attachment 4). After examining the information provided at

93040942645

that time, it appeared that neither the rental amount charged nor the extension of credit were commercially reasonable for the reasons that follow.

Regarding the amount of rent charged the Committee, this Office requested the leases for all tenants of St. Timothy Lane, as well as any additional documents relevant to those leases. Based on the difference in rent charged the Committee versus the other St. Timothy Lane tenants, Chez James Coiffures and E.M.C.O. Refrigeration Service Company ("Tenant #1" and "Tenant #2," respectively), the rental amount charged the Committee appeared to indicate that the Committee's rent was not commercially reasonable.

In support of the low rent, however, Vatterott argued that parking was limited. A copy of the plot plan for the property revealed a parking lot behind the rental building, in addition to the spaces located immediately in front of the building. In response to the interrogatories, the lessor stated that this parking lot was available for use by the tenants' employees. (Attachment 4 at 131 of 333). The lessor further asserted that the location of the building was undesirable. Yet, "Tenant #1" is paying a considerably higher rental than the Committee, \$485.33 per month (for two years), for the same square footage. Similarly, "Tenant #2" paid \$950 per month for the first year and \$1,175.83 per month for the second and third years of its lease.³ These rental differences cannot be attributed to the

3. The rental space is over three times the size of the Committee's space.

93040942646

use of a broker to procure the Baine lease (see MUR 3000), as a broker was not used. The difference in rents was further increased by the fact that "Tenant #1" additionally paid \$34.67 per month and "Tenant #2" also paid \$117 per month for maintenance of the common areas, while the Committee's lease provided for no such fee. Moreover, "Tenant #1" had to furnish a \$520 security deposit and "Tenant #2" a \$285 security deposit, while the Committee supplied no security deposit.

93040942647
Additionally, in the course of discovery, the lessor provided this Office with two telling letters. The letters, dated October 1989 and November 1990, respectively, were from the lessor to "Tenant #2." The first letter offered that "Tenant #2" extend into the Committee's office space at approximately \$208/month for at least three years. In the letter, the lessor stated that the space was being "marketed at a higher rent than you are paying on your present space," but the lessor was offering these rates because "Tenant #2" was a good tenant. At that time, "Tenant #2" was paying \$950/month. A second letter again asked "Tenant #2" if it would like to take over the Committee's office space at the rates stated in the first letter. This letter stated that the space was being marketed at \$7.25 per square foot.⁴

In addition to questions concerning the reasonableness of the rent charged the Committee, it initially appeared that other, non-monetary terms of the Committee's lease were not

4. The Committee, however, was only charged \$180.90 per month or \$2.61 per square foot.

usual and normal for Vatterott's business procedures. See 11 C.F.R. § 100.7(a)(1)(iii)(A). Neither "Tenant #1"'s nor "Tenant #2"'s lease provided for one day's notice before cancellation, yet the Committee's lease provided for such notice. Both "Tenant #1" and "Tenant #2" were required to pay the rent on the first day of the month, yet the Committee's lease did not provide for a payment schedule. Also, it appeared that the Committee was given favorable treatment because seven other rental agreements by Lessor contained a payment schedule and did not permit a one day cancellation notice.

Lastly, the absence of rental collection efforts by the lessor appeared to be some evidence that a corporate contribution occurred. The Committee vacated the office space on August 12, 1990. Lessor did not send an invoice to the Committee until August 17, 1990, after the Committee and the candidate had received notice of the complaint in this matter. The August 17, 1990 invoice was sent to the Committee 18 days after the complaint in this matter was received by the Office of General Counsel and approximately 11 days after the Committee and the candidate received notice of the complaint.⁵

Subsequently, the lessor sent a second invoice on November 6, 1990. In that correspondence, the lessor referenced this pending matter and requested that the Committee submit

5. This Office notes that the Committee did not disclose that it owed the debt until it filed an amended report in July, 1990. The amended report was not received by the Commission until the date the complaint was filed, July 30, 1990, although the report was dated July 14, 1990. The complaint itself was dated July 27, 1990.

93040942648

93040942649
payment so that any problems with the Commission could be resolved immediately. No other collection efforts have been made. The lessor asserts that the reason it did not seek legal redress was that the costs of a civil suit to collect the rent would far outweigh the value of the outstanding rent. This explanation, however, appears to be contrary to the terms of the lease. The lease provided that the Committee "shall reimburse the lessor, upon demand, for any costs or expenses incurred in connection with any breach or default by the Committee, under the lease." Hence, contrary to respondent's assertion, there would have been no cost to Vatterott to collect the Committee's unpaid rent through legal means.

2. Responses to the General Counsel's Brief

This Office received responses to the General Counsel's Brief from the Committee as well as Vatterott. These responses contained information similar to that previously provided, but the responses also presented new justifications for the terms of the lease.

a. Vatterott's Response

In its response, Vatterott presented several arguments to rebut this Office's initial view that the lease amounted to a corporate contribution. Essentially, Vatterott argued that the lease was commercially reasonable based on the condition of the building as well as the terms of similar leases in the local market. (Attachment 3). As in prior responses, the lessor focused on the condition of the rental premises, together with

its location and parking facilities. For example, the lessor stated that the property was in "filthy condition." He explained that because the lease was temporary, landlord "fix-up" was not required. (Attachment 3). Such "fix-up" would have cost several thousand additional dollars, thereby increasing the amount of rent. This space also had not been leased for several years prior to Baine's occupancy, and it has not been leased since.⁶ Next, the lessor argued that the lease rate was reasonable because the space did not have frontage on St. Charles Rock Road, the main artery.

Vatterott also attempted to justify the terms of the lease. First, Lessor stated it did not customarily require a security deposit for short term leases. Furthermore, it rebutted questions raised by the October 1989 and November 1990 letters, mentioned above, regarding the leased space. Regarding the October 1989 letter, which offered another tenant the Committee's space at \$208 per month, the lessor argued that the rate which was being offered was \$2.50 per square foot. This was less than the amount Baine was charged. (Attachment 3). The November 1990 letter, which marketed the same space at \$7.25 per square foot, was described as nothing more than "a starting point in the natural give and take of landlord/tenant." Id.

6. Baine, in a recent telephone conversation, said that the building was recently sold. Telephone calls to Vatterott to confirm this information were not returned.

9 3 0 4 0 9 4 2 6 5 1

Additionally, the lessor appeared to argue that the rate per square foot was comparable to that of other rentals in the local market because the Baine rental fee did not include the basement area.⁷ (Attachment 1 at 28). However, the tenants apparently had access to the basement at no additional cost. Lessor did not charge tenants for that access because the basement was only accessible from the outside and "is old, musty, and unfinished." (Attachment 3 at 72 of 333).

The lessor also compared the Committee's lease to rental rates charged in the local community. The lessor argued:

Even this temporary lease compares favorably with other per square footage rentals on Charles F. Vatterott Commercial Properties, Inc. lease property located within one-sixteenth mile of the Baine demised premises. Attached and marked Exhibit "A" is the lease to the St. Ann Lanes, at \$1.50 per square foot, Warson Graphics, at \$2.50 per square foot, and the United States Post Office, at \$2.82 per square foot...Therefore, the rate of \$2.61 for the Baine property was not unusual.

(Attachment 3 at 70 of 333). The remaining terms of the lease were further described as commercially reasonable. Regarding the provision for one day's notice for cancellation, the lessor explained the term by stating that this was common in temporary leases because it allowed the lessor to more easily re-take possession.

7. As previously noted at footnote 3, although the lease did not expressly include the basement, the lessor conceded that the Committee had free access to 600 square feet of the basement.

Arguing that the paved parking lot was not a substantial benefit to the Baine lease, Vatterott stated that the lot was not large. In total, the lot only had spaces for 12 cars. In fact, the lot was primarily for the use of the other tenants, and the Committee was limited to one or two spaces. Also, the only reason that the parking lot was paved was due to the request of another tenant, Chez James Coiffures.

As far as the lack of common area maintenance fees and lack of a requirement for a security deposit, the lessor argued that it never charged common area maintenance fees for short term leases. It also did not always require a security deposit in those cases.

Next, the lessor explained the lack of a payment schedule as a typographical error. However, the lessor argued that a payment schedule was not required. Under Missouri law, rent is due on the first day of the month for a month to month tenancy, as in this case.

Finally, the lessor reasoned that it was not giving Baine special treatment by failing to pursue the unpaid rent through legal action. Legal action could cost the lessor more than the outstanding rental payments.⁸ Lessor argued that it made a "solid business decision" by deciding not to pursue the Committee through the legal system or through a collection agency. Despite the lease term which appeared to make the

8. Thus far, the lessor has mailed the Committee two requests for payment. Supra page 12. As discussed, infra page 17, it does not appear that Vatterott's few efforts to collect the rent were usual and normal nor commercially reasonable.

Committee liable for the lessor's legal expenses, the lessor argued that it would have been forced to pay any costs associated with those collection efforts if it was unable to collect from the Committee. Therefore, the lessor argued, it used its business discretion in not taking formal action.

b. The Committee's Response

The Committee's response was similar to the lessor's. The Committee repeated the fact that the entire area was in an economic downturn. Apparently, an abundance of vacant property was located in and around the property in question. (Attachment 2). Therefore, the Committee argued that the terms of the lease were commercially reasonable for the area.

3. Conclusions

A strong argument exists that Vatterott and the Committee violated the Act by providing and receiving, respectively, a prohibited corporate contribution in the form of discounted rent. Nevertheless, there is some doubt as to whether the monetary terms of the lease amounted to discounted rent. For example, the rental rate of \$2.61 per square foot appears reasonable in light of the information provided that other nearby tenants were paying between \$1.50 and \$2.82 per square foot. The rental rate also appears to be reasonable in light of the depressed state of the local real estate market.

However, even if Vatterott charged Baine a reasonable amount of rent, Vatterott provided preferential treatment to Baine by its method of conducting business under the lease. For example, it does not appear that Vatterott's efforts to collect

93040942653

9 3 0 4 0 9 4 2 6 5 4
the rent were usual and normal for its business operations. Baine occupied the premises from February 20, 1990 through August 12, 1990. Vatterott did not bill Baine for any portion of the rent during the term of the lease. In fact, Vatterott sent its first invoice to Baine on August 17, 1990. This was five days after Baine vacated the premises, 18 days after the complaint in this matter was filed, and approximately 11 days after Baine received notification from the Commission of the complaint.⁹ In a letter dated October 29, 1990, the Commission notified Vatterott of the complaint. Vatterott sent a second invoice to Baine on November 6, 1990. In that invoice, Vatterott referred to the pending matter and requested payment in order to resolve the issues referenced in the complaint. Vatterott has not made any additional efforts to collect the six months' rent, and the rent has not been paid. Therefore, Vatterott only billed Baine after he vacated the premises and the complaint in this matter had been filed. Vatterott only made one additional collection effort after it received the Commission's notification of the complaint in this matter.

In addition to lack of collection efforts by Vatterott, there are several terms in the lease itself which may not have

9. The complaint was received by the Commission on July 30, 1990, and the date of the notification letter to Baine was August 3, 1990. As indicated earlier, the Commission found reason to believe in this matter on January 22, 1991.

been usually included in its leases. First, Clause 24 of the lease is titled: "Default By Lessee." This clause states:

Failure on the part of the Lessee to pay any installment of rent or any other fee or charge due hereunder, or failure of Lessee promptly and faithfully to keep and perform each and every covenant, agreement and stipulation herein on the part of Lessee to be kept and performed, shall at the option of Lessor cause the forfeiture of this lease.

Possession of the demised premises and all additions and permanent improvements thereof shall be delivered to Lessor upon Ten (10) day written notice that Lessor has exercised said option, and thereupon, Lessor shall be entitled to and may take immediate possession of the demised premises, any other notice or demand being hereby waived.

But it is hereby understood, and Lessee hereby covenants with Lessor, that such forfeiture, annulment or voidance shall not relieve Lessee from its obligation to make all monthly payment of rent herein before reserved at the time and in the manner aforesaid.

(Attachment 1 at 27).

Despite Vatterott's right to terminate the lease upon ten days' written notice, Baine occupied the premises for almost six months without paying rent. It appears that Vatterott did not even attempt to bill Baine until the premises were vacated, after the 6 months had elapsed.

Furthermore, Vatterott did not require Baine to pay a security deposit for the premises. Vatterott argued that it did not require short term tenants, similar to Baine, to pay security deposits. Vatterott provided several examples of lease agreements that it entered into with other tenants wherein Vatterott did not require a security deposit. (See

93040942655

Attachment 4 at 146). However, none of the leases provided as examples were short term. In addition, most of the leases did require a security deposit. (See Attachment 4).

Finally, Clause 3 of Baine's lease allowed Baine to provide one day's notice of cancellation. Again, Vatterott argued that this was standard for short term leases. One day's notice of cancellation allowed it to more easily re-take possession. However, as mentioned, Vatterott did not provide examples of other short term leases where one day's notice of cancellation by the lessee was permitted. Furthermore, the leases which were submitted did not permit one day's cancellation notice by lessees. (See Attachment 4). Moreover, Baine's lease provided at Clause 24 that the lessor needed to give the tenant 10 days' notice of taking possession if the tenant defaulted.

In summary, Vatterott failed to exercise reasonable diligence to collect any of the rent and failed to exercise its option to terminate Baine's lease when Baine did not pay rent for the entire term of the lease or 6 consecutive months. Additionally, Vatterott did not provide examples of where it allowed other tenants a one day's notice of cancellation. Additionally, it did not allow most tenants to take possession of its rental properties without first providing a security deposit. Therefore, based on the terms of the lease and the failure of Vatterott to collect the rent, this Office believes that Vatterott did provide Baine with a corporate contribution. Accordingly, this Office recommends that the Commission find probable cause to believe that the John M. Baine for Congress

93040942656

Committee and John M. Baine, as treasurer, violated 2 U.S.C. § 441b(a). Furthermore, this Office recommends that the Commission find probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a).

C. Reporting Violations

Pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by the reporting committee during the reporting period must be disclosed. The regulations further state that any debts and obligations owed by or to a political committee which remain outstanding must be continuously reported. 11 C.F.R. § 104.11.

As detailed above, the Committee occupied 3901 St. Timothy Lane from February 20, 1990 until August 12, 1990 and made no rent payments during that period.¹⁰ The Committee failed originally to disclose the outstanding rent as a debt or obligation on its reports.¹¹ In light of the fact that the Committee failed to report the debt owed to Vatterott, it effectively kept off the public record for approximately six months evidence of the corporate contribution. Thus, the Committee's actions hindered the Commission's efforts to ensure that political committees disclose to the public the source of

10. The Committee acknowledged that the rent has not been paid.

11. On July 30, 1990, the Commission received amended Committee reports which did reflect the rental obligation. The complaint was received by the Commission on that same date. The Committee now appears to be in compliance with its reporting obligation for the value of the rent.

contributions. Accordingly, this Office recommends that the Commission find probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. § 434(b)(8).¹²

The Act further requires quarterly reports, in a calendar year in which a regularly scheduled election is held, to be filed by the fifteenth day after the last day of each calendar quarter, and pre-election reports must be filed no later than the 12th day before any election. See 2 U.S.C.

§§ 434(a)(2)(A)(i) and (iii). A copy of each report required to be filed under the Act must be filed by the same deadline with the Secretary of State (or the equivalent state office) of the appropriate state. 2 U.S.C. § 439(a)(1).

In the instant case, copies of the Committee's 1990 April, July, and Pre-Primary reports were required to be filed no later than April 15, July 15 and July 26, 1990, respectively.

Missouri's Secretary of State confirmed that the Committee's 1990 April and July Quarterly Reports were never filed with that Office, although the Committee's 1990 Pre-Primary was timely filed.¹³ After telephone conversations with Baine, he stated

12. The Commission has found reason to believe but taken no further action in several Section 434(b)(8) cases. For example, in Mike Brown for Congress Committee, MUR 3355, the Committee failed to report a \$12,000 debt. However, a key difference is that the Baine Committee's failure to report the rental obligation concealed a corporate contribution. This result did not arise from the failure to report a debt by the Mike Brown for Congress Committee.

13. It appears that the Committee attempted to file the 1990 July Quarterly Report. However, it filed only an amended report with the state rather than filing the original and an amendment. In a recent telephone conversation, Baine stated that he did not realize this mistake. He said that he would file immediately all of the missing reports, and he has stated

93040942658

that he would file all of the required reports with the Missouri Secretary of State. In a letter dated May 20, 1992, Baine informed this Office that he had filed the reports. In a June 11, 1992 telephone interview with Mary Stone of the Office of the Missouri Secretary of State, this Office was informed that the Committee has now filed all of the required reports.

Because the Committee failed to file the required reports with the appropriate state authority until May 1992, this Office recommends that the Commission find probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. § 439(a)(1).

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

(Footnote 13 continued from previous page)
more recently that he filed the required reports.

93040942659

IV. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 441b(a), and 439(a)(1).
2. Find probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a).
3. Find no probable cause to believe that Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A).
4. Find no probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f).
5. Find no probable cause to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution for the John M. Baine for Congress Committee from Robert and Maureen Baine.
6. Approve the attached conciliation agreements and the appropriate letters.

93040942660
Date

2/5/93


Lawrence M. Noble
General Counsel

Attachments

1. Response to First Set of Interrogatories by John M. Baine for Congress Committee and John M. Baine, as treasurer, and Charles F. Vatterott Commercial Properties, Inc.
2. Response to Probable Cause Brief by John M. Baine for Congress Committee and John M. Baine, as treasurer.
3. Response to Probable Cause Brief by Charles F. Vatterott Commercial Properties, Inc.
4. Response to Second Set of Interrogatories by John M. Baine for Congress Committee and John M. Baine, as treasurer and Charles F. Vatterott Commercial Properties, Inc.
5. Conciliation Agreements.

Staff Member: Richard Denholm

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

John M. Baine for Congress Committee)

and John M. Baine, as treasurer;)

John M. Baine, individually;)

Robert Baine;)

Maureen Baine;)

Charles F. Vatterott Commercial)

Properties, Inc.)

MUR 3093

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 11, 1993, the Commission decided by a vote of 4-0 to take the following actions in MUR 3093:

1. Find probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 441b(a), and 439(a)(1).
2. Find probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a).
3. Find no probable cause to believe that Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A).

(Continued)

93040942661

4. Find no probable cause to believe that the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A) and 441a(f).
5. Find no probable cause to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution for the John M. Baine for Congress Committee from Robert and Maureen Baine.
6. Approve the conciliation agreements and the appropriate letters, as recommended in the General Counsel's Report dated February 5, 1993.

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

Attest:

2-11-93

Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Fri., Feb. 5, 1993 12:51 p.m.
Circulated to the Commission:	Mon., Feb. 8, 1993 4:00 p.m.
Deadline for vote:	Thurs., Feb. 11, 1993 4:00 p.m.

dr

93040942662



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1993

Mr. John M. Baine, Treasurer
John M. Baine for Congress Committee
23 Chaminade Dr.
St. Louis, Mo. 63141

RE: MUR 3093
John M. Baine for
Congress Committee
and John M. Baine, as
treasurer

Dear Mr. Baine:

On February 11, 1993, the Federal Election Commission found that there is probable cause to believe the John M. Baine for Congress Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 441b(a), and 439(a)(1), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with the failure to report a debt, receipt of a corporate contribution, and failure to file reports with the appropriate state authority. Further, on February 11, 1993, the Commission found no probable cause to believe that the John M. Baine for Congress Committee and you, as treasurer, violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 441a(f).

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

93040942663

Mr. John M. Baine, Treasurer
Page 2

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Richard M. Denholm II, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,


Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

93040942664



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 18, 1993

Mr. Francis J. Vatterott, Esquire
Vatterott, Shaffar & Dolan, P.C.
10449 St. Charles Rock Road
St. Ann, Missouri 63074

RE: MUR 3093

Dear Mr. Vatterott:

On February 11, 1993, the Federal Election Commission found that there is probable cause to believe your client, Charles F. Vatterott Commercial Properties, Inc., violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with a corporate contribution.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Richard M. Denholm II, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

93040942665



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
F.E.C.
SECRETARIAT

93 FEB 18 AM 10:49

SENSITIVE

February 16, 1993

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble *LMN (H2)*
General Counsel

SUBJECT: MUR 3093

On February 11, 1993, the Commission decided that there was no probable cause to believe that John M. Baine violated 2 U.S.C. § 441a(f) by accepting an excessive contribution for the John M. Baine for Congress Committee from Robert and Maureen Baine. Additionally, the Commission found no probable cause to believe that Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A). Based on the above, this Office makes the following recommendation.

RECOMMENDATION

1. Close the file as to John M. Baine and Robert and Maureen Baine with respect to the Commission's February 11, 1993 determination to find no probable cause.

Staff Assigned: Richard Denholm

93040942666

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John M. Baine;
John M. Baine for Congress Committee;
Robert and Maureen Baine.

MUR 3093

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 23, 1993, the Commission decided by a vote of 5-0 to close the file as to John M. Baine and Robert and Maureen Baine with respect to the Commission's February 11, 1993 determination to find no probable cause, as recommended in the General Counsel's Memorandum dated February 16, 1993.

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

Attest:

2-23-93
Date

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

Received in the Secretariat:
Circulated to the Commission:
Deadline for vote:

Thurs., Feb., 18, 1993 10:49 a.m.
Thurs., Feb., 18, 1993 4:00 p.m.
Tues., Feb., 23, 1993 4:00 p.m.

dr

93040942667



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 1993

Robert and Maureen Baine, Jr.
22 Chaminade Dr.
Creve Coeur, MO 63141

RE: MUR 3093

Dear Mr. and Mrs. Baine:

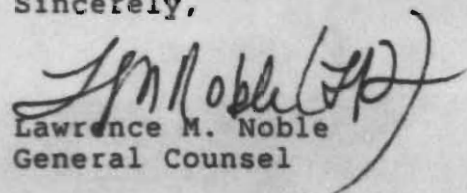
This is to advise you that on February 11, 1993, the Federal Election Commission found that there is no probable cause to believe you violated 2 U.S.C. § 441a(a)(1)(A). Accordingly, the file in this matter has been closed as it pertains to you.

The file will be made part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

If you have any questions, please contact Richard M. Denholm II, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,


Lawrence M. Noble
General Counsel

93040942668



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 11, 1993

Mr. John M. Baine
23 Chaminade Dr.
St. Louis, MO 63141

RE: MUR 3093

Dear Mr. Baine:

This is to advise you that on February 11, 1993, the Federal Election Commission found that there is no probable cause to believe you violated 2 U.S.C. § 441a(f). Accordingly, the file in this matter has been closed as it pertains to you in your individual capacity.

The file will be made part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

If you have any questions, please contact Richard M. Denholm II, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

93040942669

FEC General Counsel

TEL:202-219-3923

Mar 18 93

17:04 No.002 P.02

STATEMENT OF DESIGNATION OF COUNSELMUR 3093NAME OF COUNSEL: Baine & McHughADDRESS: 755 Rye St. Francois
Florissant, Missouri 63031TELEPHONE: (314) 838-4500

93MAR 19 AM 11:59

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

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.

March 18, 1993
DateJohn M. Baine
SignatureRESPONDENT'S NAME: John M. BaineADDRESS: 23 Chaminade
Creve Coeur, Missouri 63141HOME PHONE: (314) 432-8400BUSINESS PHONE: (314) 991-7871

93040942670

RECEIVED
F.E.C.
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION 83 MAR 18 AM 9:46

In the Matter of
Charles F. Vatterott
Commercial Properties, Inc.

)
) MUR 3093
)
)
)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Gregory B. Vatterott, President of Charles F. Vatterott Commercial Properties, Inc. A check for the \$500 civil penalty has been received. The attached agreement contains no changes from the agreement approved by the Commission on February 11, 1993. Therefore, this Office recommends that the Commission accept the attached conciliation agreement and close the file as to this respondent.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Charles F. Vatterott Commercial Properties, Inc.
2. Close the file as to this respondent.
3. Approve the appropriate letter.

Date

3/18/93


Lawrence M. Noble
General Counsel

Attachment

Conciliation Agreement and Photocopy of check

Staff Assigned: Richard Denholm

93040942671

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Charles F. Vatterott Commercial) MUR 3093
Properties, Inc.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 23, 1993, the Commission decided by a vote of 6-0 to take the following actions in MUR 3093:

1. Accept the conciliation agreement with Charles F. Vatterott Commercial Properties, Inc., as recommended in the General Counsel's Report dated March 18, 1993.
2. Close the file as to this respondent.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated March 18, 1993.

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

Attest:

3-23-93
Date

for *Delores Hardy*
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:
Circulated to the Commission
Deadline for vote:

Thurs., March 18, 1993 9:46 a.m.
Thurs., March 18, 1993 11:00 a.m.
Tues., March 23, 1993 4:00 p.m.

dr

93040942672



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 25, 1993

Mr. Francis J. Vatterott, Esquire
Vatterott, Shaffar & Dolan, P.C.
10449 St. Charles Rock Road
St. Ann, Missouri 63074

RE: MUR 3093

Dear Mr. Vatterott:

On March 23, 1993, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to your client.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

A handwritten signature in cursive script, which appears to read "Richard M. Denholm II", is written over the typed name.

Richard M. Denholm II
Attorney

Enclosure
Conciliation Agreement

93040942673

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Charles F. Vatterott
Commercial Properties, Inc.

)
)
) MUR 3093
)
)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Lili J. Cooper. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that the Respondent violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

- I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.
- II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondent enters voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:
 1. John M. Baine for Congress Committee is a political committee within the meaning of 2 U.S.C. § 431(4).
 2. John M. Baine is the treasurer of the John M. Baine for Congress Committee.

93040942674

3. John M. Baine for Congress Committee and John M. Baine, as treasurer, leased office space at 3901 St. Timothy Lane for its campaign headquarters from Respondent.

4. John M. Baine for Congress Committee and John M. Baine, as treasurer, agreed to pay \$180.90 per month to occupy 3901 St. Timothy Lane.

5. John M. Baine for Congress Committee and John M. Baine, as treasurer, occupied 3901 St. Timothy Lane from February 20, 1990 until August 12, 1990.

6. John M. Baine for Congress Committee and John M. Baine, as treasurer, made no rental payments during the occupancy of the leased premises.

7. Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office.

8. For purposes of 2 U.S.C. § 441b(a), the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

9. John M. Baine for Congress Committee and John M. Baine, as treasurer, did not pay rent to the Respondent to occupy the leased premises.

10. Respondent made only two attempts to collect the unpaid rent from the John M. Baine for Congress Committee and John M. Baine, as treasurer.

93040942675

11. Respondent only attempted to collect the unpaid rent after John M. Baine for Congress Committee and John M. Baine, as treasurer, had vacated 3901 St. Timothy Lane and after the complaint in this matter was filed.

12. Respondent did not exercise its option to terminate the lease upon ten days' written notice despite the fact that John M. Baine for Congress Committee and John M. Baine, as treasurer, breached the lease by failing to pay rent for six months to occupy the premises.

13. Respondent did not require the John M. Baine for Congress Committee and John M. Baine, as treasurer, to provide a security deposit before taking possession of the premises despite its customary practice to require security deposits from tenants.

14. Respondent permitted the John M. Baine for Congress Committee and John M. Baine, as treasurer, to give one day's notice of cancellation in the event they chose to terminate the lease.

15. Respondent did not customarily allow tenants to provide one day's notice of cancellation to terminate leases.

16. Respondent made a corporate contribution in the amount of \$1085.40 to the John M. Baine for Congress Committee and John M. Baine, as treasurer, in violation of 2 U.S.C. § 441b(a) by failing to exercise reasonable diligence to collect any of the rent owed by the John M. Baine for Congress Committee and John M. Baine, as treasurer, for the above-referenced

93040942676

occupancy of 3901 St. Timothy Lane and by providing preferential lease terms to the John M. Baine for Congress Committee and John M. Baine, as treasurer.

V. Charles F. Vatterott Commercial Properties, Inc., made a \$1085.40 contribution to the John M. Baine for Congress Committee and John M. Baine, as treasurer, in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of Five Hundred Dollars (\$500.00), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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

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

93040942677

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

Imnoble (H2)

3/24/93
Date

FOR THE RESPONDENT:

[Signature]
(Name)
(Position)

2/23/93
Date

93040942678

BAINE & McHUGH

ATTORNEYS AT LAW
755 RUE ST. FRANCOIS
FLORISSANT, MISSOURI 63031-4952

ROBERT P. BAINE, JR.

March 30, 1993

0AC 8814
RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

MAR 31 11 00 AM '93

FACSIMILE
(314) 838-7727

TELEPHONE
(314) 838-4500

Mr. Richard M Denholm, II
Federal Election Commission
Office of the General Counsel
999 E. Street N.W.
Washington, D.C. 20463

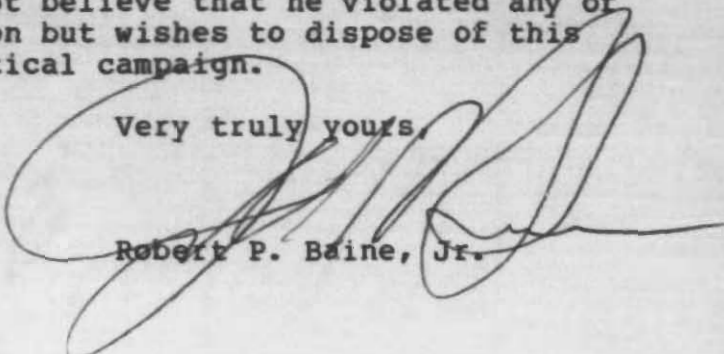
Re: MUR 3093
John M. Baine for Congress Committee and
John M. Baine, as treasurer

Dear Mr. Denholm:

Enclosed is the signed settlement agreement and our
check from our trust account. The check is in the
amount of \$1,250.00 as we indicated in our telephone
conversaton.

John M. Baine does not believe that he violated any of
the intent of election but wishes to dispose of this
matter and that political campaign.

Very truly yours,


Robert P. Baine, Jr.

RPB:ajs
Enc.

93APR-1 PM 3:54

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL

93040942679

BEFORE THE FEDERAL ELECTION COMMISSION

93 APR -9 PM 1:08

In the Matter of)

) MUR 3093

John M. Baine for Congress)
Committee and John M. Baine, as)
treasurer; John M. Baine,)
individually; Robert Baine;)
Maureen Baine; Charles F. Vatterott)
Commercial Properties, Inc.)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by John Baine on behalf of the John M. Baine for Congress Committee (the "Committee"). A check for the civil penalty has not yet been received. This Office recommends that the Commission accept the attached conciliation agreement and close the file.

II. ANALYSIS

On February 11, 1993, the Federal Election Commission (the "Commission") found that there is probable cause to believe the Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 434(b)(8), 441b(a), and 439(a)(1), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). Further, on February 11, 1993, the Commission found no probable cause to believe that the Committee violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), and 441a(f).

The Commission also found that there is probable cause to believe Charles F. Vatterott Commercial Properties, Inc. ("Vatterott") violated 2 U.S.C. § 441b(a). On February 11, 1993, the Commission further found no probable

93040942680

cause to believe John M. Baine violated 2 U.S.C. § 441a(f) and no probable cause to believe Robert and Maureen Baine violated 2 U.S.C. § 441a(a)(1)(A).

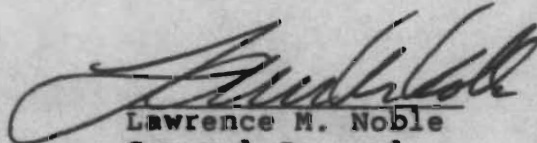
Therefore, this Office recommends that the Commission accept the attached agreement with the John M. Baine for Congress Committee and John M. Baine, as treasurer, and close the file.

93040942681

III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the John M. Baine for Congress Committee and John M. Baine, as treasurer.
2. Close the file.
3. Approve the appropriate letter.

4/9/93
Date


Lawrence M. Noble
General Counsel

Attachment
Conciliation Agreement

Staff Assigned: Richard Denholm

93040942682

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John M. Baine for Congress Committee
and John M. Baine, as treasurer;
John M. Baine, individually;
Robert Baine;
Maureen Baine;
Charles F. Vatterott;
Commercial Properties, Inc.

)
)
)
)
)
)
)
)

MUR 3093

CERTIFICATIONS

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on April 15, 1993, the Commission decided by a vote of 5-0 to take the following actions in MUR 3093:

1. Accept the conciliation agreement with the John M. Baine for Congress Committee and John M. Baine, as treasurer, as recommended in the General Counsel's Report dated April 9, 1993.
2. Close the file.

(Continued)

93040942683

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated April 9, 1993.

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

Attest:

4-16-93
Date

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

Received in the Secretariat:
Circulated to the Commission
Deadline for vote:

Fri., April 9, 1993 1:08 p.m.
Mon., April 12, 1993 11:00 a.m.
Thurs., April 15, 1993 4:00 p.m.

dr

93040942684



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 20, 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ms. Lili J. Cooper
1834 Iris Avenue
Boulder, Colorado 80304

RE: MUR 3093
John M. Baine for
Congress Committee and
John M. Baine, as
treasurer

Dear Ms. Cooper:

This is in reference to the complaint you filed with the Federal Election Commission on July 30, 1990, concerning the John M. Baine for Congress Committee.

After conducting an investigation in this matter, the Commission found that there was probable cause to believe the John M. Baine for Congress Committee and John M. Baine, as treasurer, violated 2 U.S.C. §§ 441b(a), 439(a)(1), and 434(b)(8), provisions of the Federal Election Campaign Act of 1971, as amended. The Commission further found probable cause to believe that Charles F. Vatterott Commercial Properties, Inc. violated 2 U.S.C. § 441b(a). On March 23, 1993, the Commission accepted a conciliation agreement signed by C.F. Vatterott Commercial Properties, Inc. On April 15, 1993, a conciliation agreement signed by John M. Baine was accepted by the Commission, thereby concluding the matter. Accordingly, the

93040942685

Ms. Lili J. Cooper
Page 2

Commission closed the file in this matter on April 15, 1993.
Copies of these agreements are enclosed for your information.

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

Sincerely,

Richard M. Denholm II

Richard M. Denholm II
Attorney

Enclosures
Conciliation Agreements

93040942686



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 20, 1993

Mr. Robert P. Baine, Jr., Esquire
755 Rue St. Francois
Florissant, Missouri 63031-4952

RE: MUR 3093
John M. Baine for
Congress Committee and
John M. Baine, as treasurer

Dear Mr. Baine:

On April 15, 1993, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441b(a), 439(a)(1), and 434(b)(8), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Enclosure
Conciliation Agreement

93040942687

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John M. Baine for Congress
Committee and John M. Baine,
as treasurer

)
)
) MUR 3093
)
)

93 APR -1 PM 3:55

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Lili J. Cooper. An investigation was conducted, and the Federal Election Commission ("Commission") found probable cause to believe that the Respondents violated 2 U.S.C. §§ 434(b)(8), 439(a)(1), and 441b(a).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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

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

1. John M. Baine for Congress Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

2. John M. Baine is the treasurer of the John M. Baine for Congress Committee.

93040942688

3. Pursuant to 2 U.S.C. §§ 434(a)(2)(A)(i) and (iii), quarterly reports, in a calendar year in which a regularly scheduled election is held, must be filed by the fifteenth day after the last day of each calendar quarter, and pre-election reports must be filed no later than the 12th day before any election.

4. Pursuant to 2 U.S.C. § 439(a)(1), a copy of each report required to be filed under the Act must be filed by the same deadline with the Secretary of State (or the equivalent state officer) of the appropriate state.

5. Respondents were required to file copies of their 1990 April Quarterly Report and 1990 July Quarterly Report no later than April 15, 1990 and July 15, 1990, respectively, with the Missouri Secretary of State.

6. Respondents did not timely file the 1990 April Quarterly Report and 1990 July Quarterly Report with the Missouri Secretary of State in violation of 2 U.S.C. § 439(a)(1).

7. Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or expenditure in connection with any election to Federal office.

8. For purposes of 2 U.S.C. § 441b(a), the term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election. See 2 U.S.C. § 441b(b)(2).

93040942689

9. Respondents leased office space at 3901 St. Timothy Lane for campaign headquarters from Charles F. Vatterott Commercial Properties, Inc.

10. Respondents agreed to pay \$180.90 per month to occupy 3901 St. Timothy Lane.

11. Respondents occupied 3901 St. Timothy Lane from February 20, 1990 until August 12, 1990.

12. Respondents made no rental payments during the occupancy of the leased premises.

13. Charles F. Vatterott Commercial Properties, Inc. made only two attempts to collect the unpaid rent from the Respondents. Both attempts were made after Respondents vacated 3901 St. Timothy Lane and after the complaint was filed in this matter.

14. Charles F. Vatterott Commercial Properties, Inc. did not exercise its option to terminate the lease upon ten days' written notice despite Respondents' breach of the lease by failing to pay rent for six months to occupy the premises.

15. Charles F. Vatterott Commercial Properties, Inc. did not require Respondents to provide a security deposit before taking possession of the premises despite its customary practice to require security deposits from tenants.

16. Charles F. Vatterott Commercial Properties, Inc. permitted Respondents to give one day's notice of cancellation in the event they chose to terminate the lease.

93040942690

17. Charles F. Vatterott Commercial Properties, Inc. did not customarily allow tenants to provide only one day's notice of cancellation.

18. Charles F. Vatterott Commercial Properties, Inc. made a corporate contribution in the amount of \$1085.40 to Respondents in violation of 2 U.S.C. § 441b(a) by failing to exercise reasonable diligence to collect any of the rent owed by the Respondents for the occupancy of 3901 St. Timothy Lane and by providing preferential lease terms to Respondents.

19. Respondents violated 2 U.S.C. § 441b(a) by accepting a corporate contribution made by Charles F. Vatterott Commercial Properties, Inc.

20. Pursuant to 2 U.S.C. § 434(b)(8), the amount and nature of outstanding debts and obligations incurred by a political committee during a reporting period must be disclosed. See also 11 C.F.R. § 104.11.

21. Respondents failed to report the rent referenced in paragraphs 9-12 above as an outstanding debt or obligation during multiple reporting periods in violation of 2 U.S.C. § 434(b)(8).

V. Respondents accepted a \$1085.40 contribution from Charles F. Vatterott Commercial Properties, Inc., in violation of 2 U.S.C. § 441b(a).

93040942691

VI. Respondents failed to file timely the 1990 April Quarterly Report and 1990 July Quarterly Report with the Missouri Secretary of State in violation of 2 U.S.C. § 439(a)(1).

VII. Respondents failed to report a rental obligation in violation of 2 U.S.C. § 434(b)(8).

VIII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Thousand Two Hundred Fifty Dollars (\$1,250.00), pursuant to 2 U.S.C. § 437g(a)(5)(A).

IX. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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


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

93040942692

XII. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

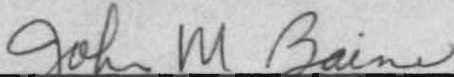
FOR THE COMMISSION:

Lawrence M. Noble
General Counsel



FOR THE RESPONDENTS:

4/19/93
Date



(Name) JOHN M. BAINE
(Position) TREASURER
JOHN M. BAINE FOR CONGRESS

4/11/93
Date

93040942693



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

APRIL 30, 1993

Mrs. Maureen Baine
c/o Mr. Robert Baine, Esquire
Baine & McHugh
755 Rue St. Francois
Florissant, Missouri 63031

RE: MUR 3093

Dear Mrs. Baine:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

[Handwritten signature]
Richard M. Denholm II
Attorney

93040942694



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

APRIL 30, 1993

Mr. Robert Baine, Esquire
Baine & McHugh
755 Rue St. Francois
Florissant, Missouri 63031

RE: MUR 3093

Dear Mr. Baine:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Richard M. Denholm II
Richard M. Denholm II
Attorney

93040942695



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

APRIL 30, 1993

Mr. John Baine
c/o Mr. Robert Baine, Esquire
Baine & McHugh
755 Rue St. Francois
Florissant, Missouri 63031

RE: MUR 3093

Dear Mr. Baine:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Richard M. Denholm II
Richard M. Denholm II
Attorney

93040942696



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

APRIL 30, 1993

Mr. Francis J. Vatterott, Esquire
Vatterott, Shaffar & Dolan, P.C.
10449 St. Charles Rock Road
St. Ann, Missouri 63074

RE: MUR 3093

Dear Mr. Vatterott:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Richard M. Denholm II", is written over a horizontal line.

Richard M. Denholm II
Attorney

93040942697



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3093

DATE FILMED 5/4/93 CAMERA NO. 4

CAMERAMAN E.E.S.

93040942698