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## REPORTS ANALYSIS REPERAR

TO
OFPICE OF GENERAL COUNSEL
DATE: September 11, 1989
ANALYST: Andrew J. Dodson
I. COMMITTEE:

Majority Congress Comittee (C00078410)
Robert N. Reeves, Treasurer
P.O. Box 70193

Washington, DC 20024
II. RELEVANT STATUTE:

2 U.S.C. S44la(f)
2 U.S.C. S441b(a)
11 CFR 102.5(a)
III. BACKGROUND:

Receipt of Apparent Excessive Contributions and Receipt of Impermissible Funds from Unregistered Organizations

The Majority Congress Committee ("the PAC") disclosed apparent excessive contributions totalling $\$ 45,750$ from eighteen (18) committees and one (1) individual during calendar year 1987. The PCC also disclosed the receipt of $\$ 3,750$ in apparent impermissible funds from four (4) unregistered organizations during the same period (see Chart and Attachments).

Schedule $A$ of the PAC's 1988 April Monthly Report disclosed that the PAC received a $\$ 400,000$ transfer from the Wright Appreciation Fund on March 30, 19881/; however, no supporting Memorandum Schedules A were provided (Attachment 2). In response to a Request for Additional Information ("RFAI") and Second Notice, the PAC filed an amended 1988 April Monthly Report on July l, 1988 which disclosed that the PAC may have received apparent excessive contributions totalling $\$ 45,750$ from eighteen (18) committees and one (1) individual and $\$ 3,750$ in apparent impermissible funds from four (4) unregistered organizations (Attachment 3). All of the apparent excessive and impermissible funds were received by the Fundraiser between September 22, 1987 and December 17. 1987.

1/ The Wright Appreciation Fund ("the Fundraiser") is a joint fundraising committee that was established by the PAC and the Congressman Wright Appreciation Committee ("the PCC") which is the principal campaign committee of Congressman James $C$. Wright, Jr.

## MNORITY CONGRES COMEITTYES REPORTS ANALYSIS OCC REFERRAL PAGE 2

On August 3, 1988, the Reports Analysis Division ("mon) analyst sent an RPAI that referenced the 1988 Amended Apali Monthly Report dated July 1, 1988 (Attachment 4). The Rarar noted the receipt of apparent excessive contributions and requested that the PAC refund the excessive amounts to the donors or, with the donors' consent, transfer the funcs to an account used for non-federal activity. The max also noted the receipt of contributions from unregistered organizations and advised the PAC to clarify whether or not the contributions were permissible under 11 CFR 102.5(a). The RFAI further advised the PAC to either refund any impermissible funds to the donors or transfer the funds, with the donors' consent, to an account not used to influence federal elections.

On August 16, 1988, the RAD analyst received a call from Ms. Deanna Reeves, the PAC's Assistant Treasurer. Ms. Reeves stated that a response to the RFAI would be forwarded as soon as possible (Attachment 5).

The PAC filed a letter on August 18, 1988, which stated that it was working on an answer to the inquiry. It also stated that it had been brought to the PAC's attention that the contribution from the Association of Trial Lawyers of America Political Action Committee in the amount of $\$ 10,000$ should have been designated in its entirety as a contribution to the PCC (Attachment 6). A Second Notice was sent on August 25, 1988, noting the PAC's response of August 18, 1988 (Attachment 7).

On September 9, 1988, the Commission received the PAC's response (Attachment 8). In a cover letter to the response, Ms. Reeves stated that "...we are forwarding the attached revised Schedule A..." and "...a copy of the letter to the Commission from the Wright Appreciation Committee which answers the questions raised in your letter to us...". The response included photocopies of three (3) checks dated August 31, 1988, totalling $\$ 4,000$, from the Fundraiser to three (3) unregistered committees. ${ }^{\text {/ }}$ The portion of the contributions that was originally allocated to the PAC totalled $\$ 3,000$. The response also included amended schedules showing a reattribution of all of the other contributions questioned in the August 3, 1988 RFAI.

2/ It does not appear that the PAC transferred the contributions from the unregistered organizations to the Fundraiser prior to the refunds made by the Fundraiser to these unregistered organizations.

## MAJORITY CONGRES COMMITYER RAPORTS AHALYSIS OCC REFERRAL pacs

On Septaber 28, 1988, the RAD analyst sent an RPAI to the PAC that referenced the 1988 Amended April Monthiy Report filed september 9, 1988 (Attachment 9). The R/KI noted that the amended report reduced the PAC's greas receipts by approximately $\$ 43.750$ without showing a corresponding reduction in the net amount received from the Fundraiser. The RFAI requested a further explanation of the transactions in this amended report.

On October 11, 1988, the PAC filed a letter that stated that an amendment would be ready by early Novenber (Attachment 10). A Second Notice was sent on October 20, 1988 which acknowledged receipt of the letter (Attachment 11). On November 2, 1988, another letter was filed stating that the PAC would file an amendment soon (Attachment 12).

The PAC filed an additional amendment to the 1988 April Monthly Report on November 16, 1988. This amendment did not provide any information regarding the apparent excessive and impermissible contributions (Attachment 13).

On December 9, 1988, the RAD analyst called the PAC treasurer, Mr. Robert N. Reeves, and discussed the response to the RFAI of September 28, 1988 (Attachment 14). The RAD analyst stated that the response was incomplete because it failed to show a transfer of the excessive contributions from the PAC to the Fundraiser. Mr. Reeves stated that he was unaware that a transfer had not taken place and that he would attempt to resolve the situation.

On January 23, 1989, the RAD analyst and the Chief of the Unauthorized Branch ("Branch Chief") met with Robert and Deanna Reeves to discuss the response to the RFAI of September 28, 1988 (Attachment 15). The Branch Chief stated that the PAC needed to make a physical transfer to the Fundraiser of the apparent excessive contributions. Mr. Reeves stated that he would discuss the matter with the Fundraiser and file an amended report.

On January 25, 1989, the RAD analyst received a call from Ms. Reeves. She stated that she intended to transfer the apparent excessive contributions from the PAC to the Fundraiser. She agreed to file with the Commission a copy of the transfer check as proof of the transaction (Attachment 16).

On January 31, 1989, the PAC filed an amendment to the 1988 April Monthly Report (Attachment 17). In a cover letter to the report, Ms. Reeves stated that "we are enclosing a copy of our check to the right Appreciation

## MAJORITY CONERES COMUITITE REPOERS ANALYEIS OGC MTHRRAL PAGE

Fund in the amount of $\$ 46,750$ dated January 25, 1989. This reduces the $\$ 400,000$ transfer wo recelved from the Fund by said amount. A copy of the $\$ 46,750$ check from the PAC to the Fundraiser was included in the response. The transfer was itamized on Schedule B of the PAC's 1989 February Monthly Report (Attachment 18).
IV. OTHER PEHDING MATYERS INITIATED BY RAD:

None.

PACR 1084
apparent excessive contributions chart

| rame of contributorl/ | amount of CONTRIBUTION | RECEIPT $\text { DATE } 21$ | APPARENT <br> excessive amount | AMOUVT <br> transfrraed OUT | repuid or tramspen out dats | ATTACHISHES |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| L.F. Rooney III | \$5,250 | 11/19/87 | \$ 250** |  |  | 3-2 |
| Engineere Political Education Comittee (EPEC)/International Union of Operating Engineers (C00029504) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | $\begin{aligned} & 10 / 15 / 87 \\ & 10 / 15 / 87 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 | 3-3, 17 |
| National Rural Letter Carriers Association Political Action Comittee (C00072025) | \$7,500 | 10/16/87 | \$2,500 | \$2,500 | 1/25/89 | 3-4, 17 |
| Sheet Metal Workere International Association Political Action League (PAL) (COOOO7542) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | $\begin{aligned} & 11 / 09 / 87 \\ & 11 / 09 / 87 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 | 3-5, 17 |
| Build Political Action Comittee of the National Association of Home Builders (C00000901) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,550 \end{aligned}$ | $\begin{aligned} & 11 / 12 / 87 \\ & 11 / 12 / 87 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 | 3-6, 17 |
| Texas Ait Corporation Political Action Comittee (TAC PAC) (C00101766) | \$7,500 | 11/09/87 | \$2,500 | \$2,500 | 1/25/89 | 3-6, 17 |

PACE 2 OR 4
apparent excessive contributions chart

| name of contributorl/ | AMOUNT OP CONTRIBUTION | $\begin{aligned} & \text { RECEIPT } \\ & \text { DATEI? } \end{aligned}$ | APPARENT <br> EXCESSIVE AMOUNT | amount transprared OUT | REPUIN OR transpre OUT DATE | ATtachasints |
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| American Telephone \& Telegraph Company Inc. P A C (ATst PAC) (C00185124) | \$7,500 | 11/19/87 | \$2,500 | \$2,500 | 1/25/89 | 3-7, 17 |
| Coastal Corporation Eaployee Action Pund (C00091702) | \$7,500 | 11/19/87 | \$2,500 | \$2,500 | 1/25/89 | 3-8, 17 |
| Democratic Republican Independent Voter Education Comittee ( $\mathbf{C 0 0 0 3 2 9 7 9 )}$ | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | $\begin{aligned} & 11 / 19 / 87 \\ & 11 / 19 / 87 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 | 3-8, 17 |
| Pederal Express Corporation Political Action Comittee "PEPAC" (C00068692) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | $\begin{aligned} & 11 / 19 / 87 \\ & 11 / 19 / 87 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 | 3-8, 17 |
| LTV Corporation Active Citizenship Campaign3/ (C00008953) | \$ 375 | 11/19/87 |  |  |  | 3-9 |
| LTV Aerospace and Defense Company Active Citizenship Campaign3/ (C00112193) | \$5,250 | 11/19/87 |  |  |  | 3-10 |

apparent excessive contributions chart

| mave of contriautori/ | AMOUNT OP CONTRIBUTION | RECEIPT $\text { DATE } \mathrm{I}$ | apparent <br> excessive amount | amount <br> transprered OUT | RETUND OR tramsfer OUT DATE | attachisers |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| LTV Energy Products Company Active Citizenship Campaign3/ ( $\operatorname{co0112441)}$ | \$ 375 | 11/19/87 |  |  |  | 3-10 |
| LTV Steel Active Citizenahip Campaign3/ ( $\mathbf{C 0 0 0 3 4 1 8 1 \text { ) } ) ~}$ | \$1,500 | 11/19/87 | \$2,500 | \$2,500 | 1/25/89 | 3-10, 17 |
| Association of Trial Lawyers of America Political Action Committee (C00024521) | $\begin{aligned} & \$ 5,000 \\ & \$ 7,5005 / \end{aligned}$ | $\begin{array}{r} 2 / 07 / 87 \\ 11 / 24 / 87 \end{array}$ | \$7,500 | \$7,500 | 1/25/89 | $\begin{aligned} & 3-11,3-14, \\ & 17 \end{aligned}$ |
| Tesco Div. of Texas Utilities Electric Co. PAC4/ (C00079483) | \$3,750 | 11/19/87 |  |  |  | 3-12 |
| Texas Utilities Co/Texas Utilitiea slectric Co. and Service Companies Energy Eaployees Pac4/ (COOO79459) | \$1,500 | 11/19/87 |  |  |  | 3-12 |
| Texas Utilities Electric-Tugco Division Political Action Committeel/ ( $\mathbf{C 0 0 1 7 4 1 7 7 )}$ | \$1,500 | 11/19/87 | \$1,750** |  |  | 3-13 |

apparent excessive contributions chart

| name or contributori/ | aMOUNT OF CONTRIBUTION | RECRIPT DATE ${ }^{2} /$ | APPARENT <br> excessive amount | AMOUNT <br> transprrred OUT | repund on transfer out date | Attachiswrs |
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| Comodity Putures Political Pund | \$3,750 | 11/24/87 | \$6,250 | \$1,250 | 1/25/89 | 3-14, 3-15, |
| of the Chicago Mercantile <br> Exchange (C00076299) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | $\begin{aligned} & 11 / 24 / 87 \\ & 11 / 24 / 87 \end{aligned}$ |  | $\begin{aligned} & \$ 2,500 \\ & \$ 2,500 \end{aligned}$ | $\begin{aligned} & 1 / 25 / 89 \\ & 1 / 25 / 89 \end{aligned}$ | 17 |
| American Airlines Political Action Comittee (C00107300 | \$7,500 | 12/11/87 | \$2,500 | \$2,500 | 1/25/89 | 3-16, 17 |
| Textron Inc. Political Action Comittee ( $\mathbf{C O O L} 23612$ ) | \$7,500 | 12/17/87 | \$2,500 | \$2,500 | 1/25/89 | 3-17, 17 |

## apparent impermissible contributions chart

| name of Contributor | amount of CONTRIBUTION | RECEIPT date | APPARENT IMPERMISSIBLE amount | amount transperred OUT | repund or TRANSFER OUT DATE | attachemes |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Gadaden County Democratic Executive Comittee | \$ 750 | 9/22/87 | \$ 750 | \$ 750 | $\begin{aligned} & 8 / 31 / 88 \text { refund } \\ & 1 / 25 / 89 \text { transfer-out } \end{aligned}$ | 3-18, 8-5, 17 |
| Comittee For a Better Boston | \$1,500 | 11/19/87 | \$1,500 | \$1,500 | $\begin{aligned} & 8 / 31 / 88 \text { refund } \\ & 1 / 25 / 89 \text { transfer-out } \end{aligned}$ | 3-19, 8-6, 17 |
| Texes Rural Water PAC | \$ 750 | 11/19/87 | \$ 750 | \$ 750 | 8/31/88 refund <br> 1/25/89 transfer-out | 3-20, 8-7, 17 |
| Texas Independent Nursing Home Association | \$ 750 | 11/19/87 | \$ 750** |  |  | 3-21 |

## FOOTNOTES FOR CHART

1/ The names of the committees are the registered names.
2/ The "Receipt Date" is the date of receipt by the Fundraiser. All of the contributions, except the $\$ 5,000$ contributed by the Association of Trial Lawyers of America Political Action Committee, were transferred by the Fundraiser to the PAC on March 30, 1988.

3/ These committees are affiliated and share one contribution limit.

4/ Ibid.
5/ Although the Amended April Monthly Report, dated August 16. 1988, stated that this contribution should have been designated in its entirety to the PCC, the response dated September 7, 1988 stated that the contribution was reattributed.

6/ The PAC has not been notified that those contributors noted with a double asterisk made apparent excessive or impermissible contributions.

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## Amended $198{ }^{9}$ pril Monthly Report

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ATTACIHENT 3-20




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FEDERAL ELECTION COMMISSION
WASHINCTON, D.C. 20163

Robert N. Reeves, Treasurer
Majority Congress Comittee
P.O. Box 70193

Washington, DC 20024
Identification Number: C00078410
Reference: Amended April Monthly Report (3/1/88-3/31/88, dated 7/1/88)

Dear Mr. Reeves:
This letter is prompted by the Commission's preliminary review of the report(s) referenced above.. The review raised questions concerning certain information contained in the report(s). An itemization follows:
-Schedule A of your report (pertinent portion(s) attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. The Act precludes a committee from receiving contributions from another political committee or person in excess of $\$ 5,000$ per calendar year. ( 2 U.S.C. S441a(f)) and 11 CFR $110.1(\mathrm{~d}))$

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information. If the contribution(s) you received exceeds the limits, you should either refund to the donor the amount in excess of $\$ 5,000$ or, if appropriate, seek reattribution of the contribution pursuant to 11 CFR 110.1(k). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests. (11 CFR 103.3(b) and 110.1(k))

Please inform the Comission inmediately in writing and provide a photocopy of your check for the refund or transfer-out. In the best interests of the committee, all refunds, reattributions and transfers-out should be made within sixty days of the treasurer's receipt of the contribution. See 11 CFR 103.3(b). Refunds and transfers-out should be disclosed on a supporting

Schedule $B$ for Line 26 or 20 of the report covering the period during which they are made. Reattributions are reported as memo entries on Schedule $A$ of the report covering the period during which the authorization for the reattribution is received.

Although the Commission may take further legal steps regarding the acceptance of an excessive contribution(s). prompt action by you to refund, seek reattribution and/or transfer-out the excessive amount will be taken into consideration.
-Schedule $A$ of your report (pertinent portion(s) attached) discloses a contribution(s) from an organization(s) which is not a political comaittee registered with the Commission. Under 11 CFR 102.5(b). organizations which are not political committees under the Act must either: 1) establish a separate account which contains only those funds permitted under the Act, or 2 ) demonstrate through a reasonable accounting method that the organization has received sufficient funds subject to the limitations and prohibitions in order to make the contribution.

If your committee does not finance non-federal activity, the receipt of the referenced contribution(s) may violate the limitations and prohibitions of the Act. (2 U.S.C. SS441a(f) and 441b) If your committee engages in both federal and non-federal activity, either through a separate non-federal account, or one account that finances activity in connection with both federal and non-federal elections, your committee may be in violation of 11 CFR $102.5(\mathrm{a})$.

Please clarify whether the contribution(s) received from the referenced organization(s) is permissible. To the extent that your committee has received funds which are not permissible, the Commission recommends that you refund the impermissible amount (s) to the donor (s) in accordance with 11 CFR 103.3(b). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Comission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests.

Please inform the Commission immediately in writing and provide a photocopy of your check for the refund or transfer-out. Refunds and transfers-out should be disclosed on a supporting Schedule B for Line 26 or 20 of the report covering the period during which they are made.

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

Although the Commisision may take further legal steps concerning the acceptance of prohibited contributions, prompt action by your comittee in refunding or transferring-out the amounts will be taken into consideration.
-Schedule A supporting Line 12 of your report discloses incorrect aggregate year-to-date totals for contributions received from individuals and political committees. Please amend your report by providing the aggregate year-to-date figures (1987) for contributions received by your comittee, not by the joint fundraiser.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.


Andrew Dodson
Reports Analyst
Reports Analysis Division

ANALYST:
CONVERSATION WITH: COMMITTEE:

DATE:
SUBJECT(S):

Andrew Dodson
Deanna F. Reeves
Majority Congress Committee
8/16/88
Request For Additional Information referencing the Amended April Monthly Report ( $3 / 1 / 88-3 / 31 / 88$, dated 7/1/88)

Ms. Reeves called today and stated that a response to the RFAI referencing the Amended April Monthly Report would be forwarded as soon as possible.




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Pederal Election Comiamiun Actention: Linda Tangney Report: Analysix Division Weahing enn. D.C. 20463

Dear Ms. Taugnes:
Pleace refer to our June 30, 1986 letter and attached Menorandun Schedule a shouling redesignations of centributions received by the Wright Appreciation Fund duriag the Year 1987 as a result of cur jolot fundraiser for the Compressman Wrisht Appreciation Conittee and the Majority Congrese Comittee.

It has been called to our attention that the contribution recelved from ATLA PAC (Asseclistion of Trial Lawyer: of America Political Action Comitetee), 1050-31st street. N.W. Nashington. D.C. 2000?. dated $11 / 24 / 67$ in the smount of $\$ 10,000$ should have been destenated in its entirety as a contibition to the congressman Wright Appreciation Comiztee, $\$ 5,000$ each for ti.c Primary and General Fisisfnns. It voild th apirioriatuid if in wild
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Mr. John D. Glbsen Assistant Stapt Dizecter Reports anclyase olvisien Feceral Election cemblesien Mashington, DC 20463
Ner 10 eco0072410
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Dar Mr. Glbsen,
Mith refarance to the coove, and as discused uith Mr. Andrew Dedsen, we are formardin the ofterned sevised Schecule in wish ulli seplece sto sehodule a previously submitted.

Me art also attaching a eapy of the lotter te the Comission Pren the Mright hopreciation cemitece mich answers the questions ralsed in your letter to us deted mugust 3, 1988.
sincerely,
Qemmerat.7ecwer Assistant Treasurer

Enclosure


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Pederal Llection Comateeton
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Dear Mm. Teagney:
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Pleace acrept this letter and attechment (Memorandua Schedule A) as an emendment to our report for shis period and oubaritute it for the re; irt previcubly eublitiod.
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## FEDERAL ELECTION COMMISSION

WASHINGTON, DC. 20463

Robert N. Reeves, Treasurer Majority Congress Committee 8.O. Box 70193

Washington, DC 20024

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ATTACHMENT


Identification Number: C00078410
Reference: Amended April Monthly Report (3/1/88-3/31/88 - dated 9/9/88)

Dear Mr. Reeves:
This letter is prompted by the Commission's preliminary review of the report (s) referenced above. The review raised questions concerning certain information contained in the report (s). An itemization follows:
-Schedule A of your report discloses contributions from political committees which have been reduced through reattribution to levels permissible under the Act (pertinent portions attached). The reduction amounts to approximately $\$ 43.750$ in gross receipts. However, it appears that there has not been a corresponding reduction in the net amount transferred from the Wright Appreciation Fund. Please provide an explanation for this transaction.

A written response or an amendment to your original report (s) correcting the above problem (s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-firee number. (800) 424-9530. My local number is (202) 376-2480.


Andrew Dodson
Reports Analyst
Reports Analysis Division

FEDERAL ELECTION COMMISSION
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Robert M. Kownes, Ereagurer mafority cemprese comitteo P.6. D02 70123 mathington, DC 20024
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Dear Mr. Reevesz
On september 20, 2908 you mere motificd that a sovicu of the aboverseferenced roport(b) salecd cuestione es to epecific contributions and/or expenditures. ad the reporting of cartaín information roquired by the Federal miectica cepelga hot.

The Conciseicn is in recelpt of your letter Cated october 11. 1938. Please be advised that 18 the laformation zequested by the Comission is not received within iliteen (15) caye from the date of this notice, the comisaion my chooet to initiate audit or legal enforcement ection.

If you bould have any questions related to chis matter. please contact Andrev Dodson on our toll-free muber (800) 4249330 or our $20 c a 1$ number (202) 376-2480.

sincerely.



Jobn D. Clbeon
Acolstant staff Dircetor Reporte Analyeie Divieion



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## MEETING

## ANALYST: Andrew Dodson and Lisa Stolaruk

CONVERSATION WITH: Robert N. Reeves and Deanna F. Reeves Treasurer and Assistant Treasurer of the Majority Congress Committee

DATE:
January 23, 1989
SUBJECT: Excessive Contributions and Impermissible Funds received by the Majority Congress Committee

We met today with Robert and Deanna Reeves and discussed the excessive contributions disclosed on the Amended April Monthiy Report filed July 1, 1988. Mr. Reeves stated that he had been informed that future transfers from the Wright Appreciation Fund would be reduced by the amount of the excessive contribution. Mr. Reeves then asked if this action would be an adequate response to the questions raised by the Cormission. Ms. Stolaruk stated that such a respanse would not be adequate and explained that a physical transfer of funds would be required. Mr. and Ms. Reeves stated that they understood the necessity of transferring the excessive funds. They also stated that they would discuss this information with the Wright Appreciation Fund and file an amended report.

| ANALYST: | Andrew Dodson |
| :--- | :--- |
| CONYERSATION WITH: | Deanna F. Reeves |
| COMMITTEE: | Majority Congress Committee |
| DATE: | $1 / 25 / 89$ |
| SUBJECT(S): | Transfer of Excessive Contributions |

I spoke today with Ms. Reeves and she stated that she intended to transfer the excessive contributions from the Majority Congress Committee to the Wright Appreciation Fund. I requested that she send the Commission a copy of the transfer check as proof of the transaction.

## MAIORITY CONGRESA COMMITTES

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Mr. Andrew Dodsori, Reports, Anislv.it Heports Analysis Diviston
Federal Election Commissioni
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Ril: Ampnded April Monthly Renori (3/1-3/31/88 dated 9/7/88) Identiliration menminalo

MPat Mr. !intson.
We appreciate your takinç the time to meet with us this past Minday. Vour advice was very helpful.

Pursuant to our phone conversation of today, we are enclosing a copy of our check to the Wright Appreciation Fund in the mount of \$4n, 750 dated January 25, 1989. This reduces the $\$ 400,000$ triaisfer we received fiom the Fund by sald emount. in comply with contribution levels permissitle under the Act, the amount of $\$ 4^{3}, 750$ was reduced through reattribution and the amoun: if $\$ 3,000$ was returned due to non-registered PACS.
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Enclosure (3)

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ATTACHMENT

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# Wright Appreciation Comittree 

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FEDERAL ELECTION COMMISSION
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Robert N. Reeves, Treasurer Majority Congress Conittee P.O. BOX 70193

Washington, DC 20024
Identification Number: C00078410
Reference: March Monthly Report (2/1/89-2/28/89)
Dear Mr. Reeves:
This letter is prompted by the Comission's preliminary review of the report(s) referenced above. The review raised
N questions concerning certain information contained in the report(s). An itemization follows:
-Schedule A of your report (pertinent portion(s) attached) discloses a contribution(s) which appears to exceed the limits set forth in the Act. The Act precludes a comittee from receiving contributions from another political comittee or person in excess of $\$ 5,000$ per calendar year. (2 O.S.C. S44la(f)) and 11 CFR 110.1(d))

If the contribution(s) in question was incompletely or incorrectly disclosed, you should amend your original report with the clarifying information. If the contribution(s) you received exceeds the limits, you should either refund to the donor the amount in excess of $\$ 5,000$ or, if appropriate, seek reattribution of the contribution pursuant to 11 CFR 110.1(k). Alternatively, if you choose to transfer the funds to an account not used to influence federal elections, the Commission advises that you inform the contributor in writing and provide the contributor with the option of receiving a refund. You may wish to seek a written authorization (either before or after the transfer-out) from the donor for any transfer-out to protect the donor's interests. (11 CFR 103.3(b) and 110.1(k))

Please inform the Comission immediately in writing and provide a photocopy of your check for the refund or transfer-out. In the best interests of the conaittee, all refunds, reattributions and transfers-out should be made within sixty days of the treasurer's receipt of the contribution. See 11 CFR 103.3(b). Refunds and transfers-out should be disclosed on a supporting

Schedule $B$ for Line 26 or 20 of the report covering the period during which they are made. Reattributions are reported as nemo entries on schedule A of the report covering the period during which the authorization for the reattribution is received.

Although the Comission may take further legal steps regarding the acceptance of an excessive contribution(s), proapt action by you to refund, seek reattribution and/or transfer-out the excessive amount will be taken into consideration.

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. My local number is (202) 376-2480.

Sincerely,


Andrew Dodson Reports Analyst Reports Analysis Division

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## TIRET GENERAL COUNSEL'S REPORT

RAD Referrals 89L-36a \& 89L-36b STAFF MEMBER: Elizabeth Campbell
SOURCE: INTERNALLYGENERATED

RESPONDENTS:

RELEVANT STATUTES:

INTERNAL REPORTS CHECKED:
FEDERAL AGENCIES CHECKED:

Congressman Wright Appreciation Committee and Henry Kerry, as treasurer

Majority Congress Committee and Robert N. Reeves, as treasurer

Wright Appreciation Fund and Craig Raupe, as treasurer

2 U.S.C. S $434(b)$
2 U.S.C. S 441a(a)
2 U.S.C.S 441a(f)
2 U.S.C. S 441b
11 C.F.R.S 100.5
11 C.F.R. S 102.5
11 C.F.R.S 102.17
11 C.F.R.S $103.3(b)$
11 C.F.R.S $110.1(\mathrm{~b})$
11 C.F.R.S $110.3(\mathrm{a})$
Disclosure Reports
None

## I. GENERATION OF MATTER

This matter was referred to the Office of the General
Counsel by the Reports Analysis Division ("RAD") through two separate but related RAD referrals, one concerning the Congressman Wright Appreciation Committee and one concerning the Majority Congress Committee. RAD discovered apparent impermissible and excessive contributions transferred to the two committees by their joint fundraising committee, the wright

Appreciation Fund. The Wright Appreciation Fund was not referred to the office of the General Counsel as a respondent, but after a review of the referral materials this office concludes that the Wright Appreciation Fund should also be named as a respondent.

The Congressman Wright Appreciation Comittee is the principal campaign comittee for former U.S. Representative Jim Wright. The Majority Congress Comittee is an unauthorized political committee. The Wright Appreciation Fund registered with the Commission on September 15, 1987 as a joint fundraising committee, with the Congressman Wright Appreciation Comittee and the Majority Congress Committee as participating committees pursuant to 11 C.F.R. S 102.17. The Wright Appreciation Fund is also an authorized committee of the Congressman Wright Appreciation Committee. See 11 C.F.R. § $202.17(\mathrm{a})$.

## II. FACTUAL AND LEGAL ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that an individual or a political committee other than a qualified multicandidate committee may not make a contribution to a candidate for federal office, or his authorized political committees, in excess of $\$ 1,000.00$ per election. 2 U.S.C. S 441a(a). No multicandidate committee shall make contributions to any candidate or his authorized committees which, in the aggregate, exceeds $\$ 5,000$. 2 U.S.C. S $441 \mathrm{a}(\mathrm{a})(2)$. Contributions to any other political committee, by either an individual or a political committee, shall not exceed $\$ 5,000.00$
per calendar year. 2 U.S.C. S 441a(a). The Act further providee that no candidate or political committee may knowingly accept any contribution in excese of these limits. 2 U.S.C. S 441a(f).

The treasurer of a political comittee has the responsibility for determining the legality of any contributions received by the comittee. In the case of excessive contributions, the treasurer has sixty ( 60 ) days from the date of receipt to obtain a reattribution or redesignation of the contribution to cure the illegality. 11 C.F.R. SS 103.3(b) and 110.1(b). Excessive contributions not reattributed or redesignated must be refunded to the contributor within sixty days. 11 C.F.R. S 103.3(b).

The Commission regulations provide that organizations, including a party committee, which qualify as a political committee under the Act must register with the commission. 11 C.F.R. S 100.5. Organizations qualifying as political committees must establish a separate account for federal activity which includes only funds subject to the limitations and prohibitions of the Act. 11 C.F.R. S 102.5(a). Organizations that are not political committees must either establish a separate account for federal activity or demonstrate that contributions made to federal committees did not include any funds prohibited under the Act. 11 C.F.R. S 102.5(b). The Act prohibits corporate and labor union contributions. 2 U.S.C. S 441b.

A political committee is required to report all contributions and itemize those which, in the aggregate, exceed
$\$ 200.00$ in calendar year, together with the date and amount of any such receipts. 2 U.s.C. $5434(b)$.
B. Congressman Wright Appreciation Comeittee (the "PCC")

The Wright Appreciation Fund (the "Fundraiser") was created as a joint fundraising effort for the Congressman Wright Appreciation Comittee (the "PCC") and the Majority Congress Comittee (the "PAC"). The PCC received a transfer-in from the Fundraiser on October 7, 1988. On November 11, 1988, the PCC filed an itemized Schedule $A$ to support this transfer-in. Included in the transfer-in were excessive contributions from three (3) non-multicandidate committees. These three committees each made primary election contributions of $\$ 1,250.00$ and general election contributions of $\$ 3,750.00$, resulting in excessives of $\$ 250.00$ per committee in the primary and $\$ 2,750.00$ per committee in the general election, for a total of $\$ 9,000.00$ in excessive contributions for all three committees. According to the PCC's reports filed with the Commission, the primary election contributions were made on January 22, 1988 and the general election contributions were made on October 13, 1988. However, this needs to be verified by the PCC because the general election contributions were reported to have been transferred-in to the PCC by the Fundraiser on October 7, 1988.

In response to RAD's February 28, 1989 Request For Additional Information ("RFAI") concerning the excessive contributions by the three committees, the PCC maintained it was unaware that the committees were not multicandidate committees.

However, the three comittees were the principal campaign comittees of U.S. Representatives Berman, Levine, and waxman. On March 22, 1989, more than sixty days after receipt of the contributions, the PCC refunded the excessive contributions by sending checks for $\$ 3,000.00$ to each of the three comittees. Thus, it appears that the PCC knowingly accepted excessive contributions in violation of 2 U.S.C. S 441a(f).
C. Majority Congress Comittee (the "PAC")

On March 30, 1988, the PAC received a transfer-in from the Fundraiser which included $\$ 45,750.00$ in excessive contributions from twenty (20) political committees and one (1) individual, and $\$ 3,750.00$ apparently impermissible funds from four (4) unregistered organizations. All of these apparently impermissible and excessive contributions were received by the Fundraiser between September 22, 1987 and December 17, 1987. The PAC reported the transfer-in in its 1988 April quarterly report but failed to include an itemized Schedule A as required by 11 C.F.R.S $102.17(C)(8)(i)(B)$ and 2 U.S.C. S $434(b)$. An amended report, filed on July 5, 1988, included itemization of receipts from the Fundraiser and disclosed what RAD later determined were excessive contributions from twenty committees and one individual, and contributions from four unregistered organizations.

Only two of the contributions from unregistered organizations raise a question of possible violations of 2 U.S.C. S 441b. One is from Massachusetts where corporate contributions
are prohibited but union contributions are both permitted and unlimited under state law. The second is from an unregistered organization in Florida, where limited corporate and union contributions are permitted. The other two committees are from Texas, where corporate and labor union contributions are prohibited.

Although the PAC had already received the excessive and apparent impermissible funds from the Fundraiser, it was the Fundraiser who, on August 31, 1988, refunded contributions from three of the four unregistered organizations. ${ }^{1}$ The PAC did not transfer the funds it had received from these unregistered organizations to the Fundraiser before the Fundraiser made the refunds. Then on September 9, 1988, the PAC submitted an amended Schedule $A$, which indicated that the Fundraiser had reattributed $\$ 43,750.00$ in excessive contributions from the PAC to the PCC. ${ }^{2}$ Again, the PAC did not transfer the amount it had received in excessive contributions to the Fundraiser before the Fundraiser made the reattribution. Moreover, both the refunds and reattribution of excessive contributions were made more than sixty days after receipt by the pAC.

1. Although both the PAC and the PCC had received contributions from the unregistered organizations, RAD questioned only the PAC about them in accordance with the RAD review and referral procedures for authorized and unauthorized committees. Nevertheless, the Fundraiser returned all of the money given to both the PAC and the PCC by three of the four unregistered organizations. It is unclear whether the PCC ever returned the contributions it received from the unregistered organizations to the Fundraiser.
2. It is not entirely clear, but it appears that the PCC did not receive the reattributed funds until January $31,1989$.

Because the PAC had already received the apparent impermissible and excessive funds from the Fundraiser, it should have removed all of the prohibited funds from its own account. On January 25, 1989, in response to instructions from Rad, the PAC transferred $\$ 46,750.00$ to the Fundraiser. In addition, the PAC still has not refunded or reattributed apparent impermissible contributions from one unregistered organization, and excessive contributions from one individual and three affiliated committees. ${ }^{3}$ Thus, it appears the PAC has knowingly accepted, and failed to properly report, excessive contributions and apparent impermissible funds in violation of 2 U.S.C. SS 434(b), 441a(f), and 441b(a).
D. Transfer of Funds (from PAC to Fundraiser to PCC to PAC) As noted above, on January 25, 1989, the PAC transferred $\$ 46,750.00$ to the Fundraiser for the refunds and reattributions the Fundraiser had made as a result of the apparent impermissible and excess funds the PAC received on March 30, 1988. On January 31, 1989, the Fundraiser transferred $\$ 46,338.84$ to the PCC.
presumably, this transfer was intended to account for the funds reattributed from the PAC to the PCC. Then on February 2, 1989, the PCC transferred the sum of $\$ 46,750.00$ to the PAC. Reports filed by both the PCC and the PAC report this transaction as a

[^3]"transfer of funds." However, it appears that the February 2 , 1989 transaction may be violation of 2 U.S.C. S 441a as it exceeds the amount the PCC could contribute to the PAC. ${ }^{4}$ Additional information is needed from the PCC and the PAC to determine where the money came from and why the PCC transferred it to the PAC. Thus, it appears the PCC violated 2 U.S.C. S 441a(a) by making the february 2, 1989 transfer and the PAC violated 2 U.S.C. S $441 \mathrm{a}(\mathrm{f})$ by knowingly accepting the transfer.
E. The Wright Appreciation Fund (the "Fundraiser")

The Wright Appreciation Fund (the "Fundraiser") was not referred to the office of the General Counsel because it did not appear to RAD that the contributions were excessive at the time of their receipt by the Fundraiser. However, an examination of the referrals involving the Congressman Wright Appreciation Committee and the Majority Congress Committee shows potential violations of the Act by the Fundraiser.

The regulations set forth requirements for joint
fundraising. 11 C.F.R. S 102.17. Participants in a joint fundraising effort must establish a committee to act as a fundraising representative. 11 C.F.R. S 102.17(a). The fundraising representative must be a reporting political
4. The Congressman Wright Appreciation Committee and the Majority Congress Committee are not affiliated committees for any purpose, including the transfer of funds, and therefore, the usual contribution limits for political committees still apply. See, e.g., 11 C.F.R.SS 102.17(b)(3), $102.17(c)(7)$. They are participating committees in the joint fundraising agreement for which the Wright Appreciation fund is the fundraising representative.
comittee and an authorized committee of each federal candidate participating in the joint fundraiser. 11 C.F.R. S 102.17(a). All foint fundraisers are required to follow the procedures laid out in 11 C.F.R. S $102.17(c)$. Included in these provisions are a written fundraising agreement, setting out the formula for allocating fundraising proceeds. 11 C.F.R. S 102.17(c)(1). Both the fundraising representative and the participating committees have a duty to screen the contributions received to ensure that they are neither prohibited under the Act nor in excess of the contribution limitations. 11 C.F.R. S 102.17(c)(4). The regulations further provide that political committees participating in the joint fundraising effort must make their contributor records available to the fundraising representative to enable the fundraising representative to carry out its duty to screen contributions. 11 C.F.R. S $102.17(c)(4)$.

The Wright Appreciation Fund (the "Fundraiser") is a reporting political committee, registered with the commission on September 15, 1987. ${ }^{5}$ It is an also an authorized committee of the Congressman Wright Appreciation Committee (the "PCC"). See 11 C.F.R. S $102.17(\mathrm{a})$. As a joint fundraising representative, the Fundraiser had a responsibility to make sure that the PAC and the PCC were not receiving any excessive or impermissible contributions from the fundraising proceeds. Because the regulations require the participating committees to supply their

[^4]contribution records to the fundraising representative, the Fundraiser's duty is not merely to make sure that contributions did not appear excessive when received by the the fundraiser. Instead, the fundraising representative is required to ascertain whether a contribution is excessive or impermissible before it transfers the fundraising proceeds to the participating committees. See 2 U.S.C. S 441a(f), 11 C.F.R.S 102.17(c)(4). However, as discussed above, the Fundraiser transferred fundraising proceeds including excessive contributions to both the PAC and the PCC. In addition, the PAC received apparent impermissible funds as part of its proceeds.

In addition, since the Fundraiser has the responsibility for determining the legality of the joint fundraising proceeds, it should have done so within sixty days, as required by 11 C.F.R. S 103.3(b), which requires the treasurer of a political committee to cure the illegality of any contributions within sixty days. Thus, it appears that the Fundraiser violated 2 U.S.C. S 441a(f) and 11 C.F.R. S 102.17.

CONCLUSION
Accordingly, this office recommends that the Commission find reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f); that the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. SS $434(b)$, 441a(f), and 441b(a); and that the Wright Appreciation Fund and Craig Raupe, as treasurer, violated 2 U.S.C. S $441 a(f)$ and

11 C.F.R.S 102.17.

## III. RECOMMENDATIONS

1. Open a mU in RAD Referral 89L-36a.
2. Find reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f).
3. Open a MUR in RAD Referral 89L-36b.
4. Find reason to believe that the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. SS 434(b), 441a(f) and 441b(a).
5. Merge these two matters.
6. Find reason to believe that the wright Appreciation Fund and Craig Rape, as treasurer, violated 2 U.S.C. S 441a(f) and 11 C.F.R. S 102.17.
7. Approve the attached letters and Factual and Legal Analyses.
8. Approve the attached interrogatories and request for production of documents.


Date

Lawrence M. Noble General Counsel

BY:


Attachments:

1. Referral Materials
2. Proposed Letters and Factual and Legal Analysis (3)
3. Interrogatories and Request for Production of Documents

## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

## SENSITIVE

November 3, 1989

## HEHORNNDUR

TO: The Commission
FROM: Lawrence M. Noble General Counsel

BY: Lois G. Lerner Associate General Counsel

SUBJECT: Addendum to First General Counsel's Report in RAD Referrals 89L-36a and 89L-36b, signed November 1, 1989

In the above-referenced report, this Office has recommended a reason to believe finding with respect to the January 31, 1989. transfer of $\$ 46,750$ from the Congressman Nright Appreciation Committee, a principal campaign committee, to the Majority Congress Committee, a multicandidate political committee.

On November 3, 1989, this Office learned that a response to the Reports Analysis Division RFAI had been received on October 31, 1989, relative to this transfer. A copy of that response is attached. In the view of this office, this response does not alter the recommendation in the report. Instead, it further substantiates the conclusion that this transfer was apparently excessive in that the two committees are not affiliated, although they did participate in the joint fundraising committee, the Wright Appreciation Fund.

Attachment
Response to RAD RFAI
Staff person: Elizabeth Campbell

# MAJORITY CONGRESS COMMITTEE 14770 Maiden Court Addison, Texas 75240 

October 28,. 1989

Mr. Andrew J. Dodson, Reports Analyst
Reports Analysis Division
Federal Election Commission Washington, D. C. 20463

Identification No. COOO78410
RE: March Monthly Report (2/1-2/28/89)
Dear Mr. Dodson,
Enclosed is a copy of a letter from the Wright Appreciation Committee, which confirms our position that the money in question was a transfer of funds from one committee to another and not a contribution from any one organization or individual. I hope this explanation will satisfy your inquiry.

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If you have any further questions, please do not hesitate
to call me.
Very sincerely,
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Robert N. Reeves
Treasurer

Enclosure


# Wright Appreciation Committee 

Post Office Box 1413 口 Fort Worth, Texas 76101<br>:t<br>October 27. 1989

Mr. Robert A. Reeves, Treasurer Majority Congress Committee 14770 Maiden Court Addison, Texas 75240

Re: Identification Number C00078410, March Monthly Report
Dear Mr. Reeves:
Thank you for letting me know about the communication you have received from the Federal Election Commission.

If you choose to do so, you may send the Federal Election Commission this letter as proof that the "contribution" was not in fact an individual contribution, but merely a transfer of funds from the Wright Appreciation Committee to the Majority Congress Committee.

Please let me know if I may be of further assistance to you and the committee.
Sincerely,


## BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Congressman Wright Appreciation Committee and Henry Kerry, as treasurer
Majority Congress Committee and Robert N. Reeves, as treasurer Wright Appreciation Fund and Craig Rape, as treasurer
 89 $\mathrm{L}-36 \mathrm{~b}$


## CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on November 14, 1989, do hereby certify that the Commission decided by vote of 5-0 to take the following actions with respect to the above-captioned matters:

1. Open a MUR in Rad Referral 89L-36a.
2. Find reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f).
3. Open a MUR in RAD Referral 89L-36b.
4. Find reason to believe that the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. SS 434(b), 441a(f) and 441b(a).
5. Merge these two matters.

Federal Election Commission
Page 2
Certification for RAD Referrals 89L-36a and 89L-36b November 14, 1989.
6. Find reason to believe that the Wright Appreciation Fund and Craig Rape, as treasurer, violated 2 U.8.C. S i4la(E) and 11 C.F.R. 5102.17.
7. Approve the letters and Factual and Legal Analyses as recommended in the General Counsel's report dated November 1. 1989.
8. Approve the interrogatories and request for production of documents as recommended in the General Counsel's report dated November 1, 1989, subject to the amendments agreed upon during the meeting discussion.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens was not present at the time of the vote.

November 17, 199
Attest:
Marlowe W. Gnncone
Marjorie W. Emmons
Secretry of the Commission

## FEDERAL ELECTION COMMISSION

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Mr. Robert N. Reeves, Treasurer Majority Congress Comittee P.O. Box 70193

Washington, D.C. 20024

RE: MUR 3011
Majority Congress
Comittee and Robert N.
Reeves, as treasurer

Dear Mr. Reeves:
On November 14, 1989, the Federal election Comission found that there is reason to believe the Majority Congress Comittee and you, as treasurer, violated 2 U.S.C. SS 434(b), 441a(f), and 441b(a). provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. 5 111.18(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 Comission 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 Comission.

This matter will remain confidential in accordance with 2 U.S.C. SS $437 \mathrm{~g}(\mathrm{a})(4)(B)$ and $437 \mathrm{~g}(\mathrm{a})(12)(A)$, unless you notify the commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Elizabeth Campbell. the attorney assigned to this matter, at (202) 376-8200.


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

# FEDERAL ELECTION COMHISSIOA <br> FACTUAL NND LEGAL NHALY8IS 

## RESPONDENTS: Majority Congress Comittee and Robert N. Reeves, as treasurer

NUR 3011

## GENETATION OF MATYER

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

## FACTUAL AND LEGAL ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that an individual or a political committee other than a qualified multicandidate comittee may not make a contribution to a candidate for federal office in excess of $\$ 1,000.00$ per election. 2 U.S.C. $5441 \mathrm{a}(\mathrm{a})$. No multicandidate committee shall make contributions to any candidate which, in the aggregate, exceeds $\$ 5,000$. 2 U.S.C. $\$ 441 a(a)(2)$. Contributions to any other political committee, by either an individual or a political committee, shall not exceed $\$ 5,000.00$ per calendar year. 2 U.S.C. S $441 \mathrm{a}(\mathrm{a})$. The Act further provides that no candidate or political committee may knowingly accept any contribution in excess of these limits. 2 U.S.C. S 441a(f).

The treasurer of a political committee has the responsibility for determining the legality of any contributions
received by the comittee. In the case of excessive contributions, the treasurer has sixty ( 60 ) days from the date of receipt to obtain a reattribution or redesignation of the contribution to cure the illegality. 11 C.F.R. SS 103.3(b), 110.1(b). Excessive contributions not reattributed or redesignated must be refunded to the contributor within sixty days. 11 C.F.R. 5 103.3(b).

The Comission regulations provide that organizations, including a party comattee, which qualify as political committee under the Act must register with the Comission. 11 C.F.R. S 100.5. Organizations qualifying as political comittees must establish a separate account for federal activity which includes only funds subject to the limitations and prohibitions of the Act. 11 C.F.R. S 102.5(a). Organizations that are not political committees must either establish a separate account for federal activity or demonstrate that contributions made to federal committees did not include any funds prohibited under the Act. 11 C.F.R. S 102.5(b). The Act prohibits corporate and labor union contributions. 2 U.S.C. s 441b.

A political committee is required to report all contributions and itemize those which, in the aggregate, exceed $\$ 200.00$ in a calendar year, together with the date and amount of any such receipts. 2 U.S.C. S $434(b)$.
B. Analysis

The Wright Appreciation Fund (the "Fundraiser") was created
as a joint fundraising effort for the Congressman Wright Appreciation Comittee (the "PCC") and the Majority Congress Comittee (the "PAC").

On March 30, 1988, the PAC received a transfer-in from the Fundraiser which included $\$ 45,750.00$ in excessive contributions from twenty (20) political comittees and one (1) individual, and $\$ 3.750 .00$ apparently imperaissible funds from four (4) unregistered organizations. See Attachment. All of these apparently impermissible and excessive contributions were received by the Fundraiser between September 22. 1987 and December 17, 1987. The PAC reported the transfer-in in its 1988 April quarterly report but failed to include an itenized Schedule A as required by 11 C.F.R. $S 102.17(c)(8)(i)(B)$ and 2 U.S.C. S 434(b). An amended report, filed on July 5. 1988, included itemization of receipts from the Fundraiser.

Two of the contributions from unregistered organizations raise a question of possible violations of 2 U.S.C. S 441b. One is from Massachusetts where corporate contributions are prohibited but union contributions are both permitted and unlimited under state law. The second is from an unregistered organization in Florida, where limited corporate and union contributions are permitted. The other two committees are from Texas, where corporate and labor union contributions are prohibited.

Although the PAC had already received the excessive and apparent impermissible funds from the Fundraiser, it was the Fundraiser who, on August 31,1988 , refunded contributions from
three of the four unregistered organizations. The PAC did not transfer the funds it had received from these unregistered organizations to the Pundraiser before the Fundraiser made the refunds. Then on September 9, 1988, the PAC subaitted an amended Schedule A, which indicated that the Fundraiser had reallocated $\$ 43,750.00$ in excessive contributions from the pAC to the PCC. Again, the PAC did not transfer the anount it had received in excessive contributions to the Fundraiser before the Fundraiser made the reallocation. Moreover, both the refunds and reallocation of excessive contributions were made more than sixty days after receipt by the PAC.

Because the PAC had already received the apparent impermissible and excessive funds from the Fundraiser, it should have removed all of the prohibited funds from its own account. On January 25, 1989, the PAC transferred $\$ 46,750.00$ to the Fundraiser. In addition, the PAC still has not refunded or reallocated apparent impermissible contributions from one unregistered organization, and excessive contributions from one individual and three affiliated committees. ${ }^{1}$ Thus, it appears the PAC has knowingly accepted, and failed to properly report, excessive contributions and apparent impermissible funds in violation of 2 U.S.C. SS $434(b), 441 a(f)$, and $441 \mathrm{~b}(\mathrm{a})$.

As noted above, on January 25, 1989, the PAC transferred

[^5]$\$ 46,750.00$ to the Fundraiser for the refunds and reallocations the Fundraiser had made as a result of the apparent impermissible and excess funds the pAC received on March 30, 1988. On January 31. 1989, the Fundraiser transferred $\$ 46,338.84$ to the PCC. Then on February 2, 1989, the PCC transferred the sum of $\$ 46,750.00$ to the PAC. Reports filed by both the PCC and the PAC report this transaction as a "transfer of funds." However, it appears that the February 2, 1989 transaction may be violation of 2 U.S.C. $S$ 441a. Additional information is needed from the PAC to determine where the money came from and why the PCC transferred it to the PAC. Thus, it appears the PAC violated 2 U.S.C. 5 441a(f) by accepting the transfer.

Therefore, there is reason to believe the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. 55 434(b), 441a(f), and 441b(a).

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| 1..F. Muoney 111 | \$5,250 | $11 / 19 / 81$ | ¢ 230 |  |  |
| Enyineere Political Educatiou Comittee (tepl)/International Union of Operating Engineere (c000295U6) | $\begin{aligned} & \$ 3,150 \\ & \$ 1,750 \end{aligned}$ | $\begin{aligned} & 10 / 15 / 81 \\ & 10 / 15 / 81 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/69 |
| National Rural Letter Carriers Ascociation Policical Action Comittee (COOO12025) | \$7,500 | $10 / 16 / 81$ | \$2,500 | \$2,500 | 1/25/49 |
| Sheet Hetol Workers International Aseociation Political Action League (PAL) (C00001542) | $\begin{aligned} & \$ 3,150 \\ & \$ 3,150 \end{aligned}$ | $11 / 09 / 81$ <br> 11/09/81 | \$2,500 | \$2,500 | 1/25/89 |
| Build Political Action Comictee of the Mational Association of Home Builder: (COOOOO901) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,550 \end{aligned}$ | $\begin{aligned} & 11 / 12 / 81 \\ & 11 / 12 / 81 \end{aligned}$ | \$2,500 | \$2,500 | 1/25/89 |
| Texas Air Corporation Pulicicat Action Committee (TAC PAC) (coolul)760) | \$1,500 | 11/uy/81 | \$2,310 | \$2,500 | 1/25/49 |

apparent excessive contributions chart

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| anericen Telephonc telegraph Company Inc. PAC (atot PaC) ( $\operatorname{coO} 185126$ ) | \$1,500 | 11/19/81 | \$2,500 | \$2,500 | 1/25/89 |
| Coastal Corporatian Enployee aceion Pund (CuOOM1 102 ) | \$1,500 | 11/19/81 | \$2,500 | \$2,500 | 1/25/04 |
| Democratic Eepublican Independent Voter Educarion Comitree (C00032979) | $\begin{aligned} & \$ 3,750 \\ & \$ 3,750 \end{aligned}$ | 11/19/87 <br> 11/19/87 | \$2,500 | \$2,500 | 1/25/89 |
| Pederal Exprees Corporation Political action Comittee "repac" (c00068692) | $\begin{aligned} & \$ 3,150 \\ & \$ 3,750 \end{aligned}$ | 11/19/81 <br> (1/19/8) | \$2,500 | \$2,500 | 1/25/89 |
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| LTV Aeroopace and Defenee Coapany Active Citizenstip Canpaign (COO112193) | \$5,250 | 11/19/87 |  |  |  |

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| Comodity futuree Pulitical Fund | \$3,150 | 11/24/81 | \$6,250 | \$1,250 | 1/25/89 |
| of the Chicago Murcentile Excliange (C00016299) | $\begin{aligned} & \$ 1,150 \\ & \$ 3,150 \end{aligned}$ | $\begin{aligned} & 11 / 24 / 81 \\ & 11 / 24 / 81 \end{aligned}$ |  | $\begin{aligned} & 32,500 \\ & 32,500 \end{aligned}$ | $\begin{aligned} & 1 / 25 / 89 \\ & 1 / 25 / 89 \end{aligned}$ |
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| Aseociation of Trial Lawyers of America Political Action Comattee (COOO2652t) | $\begin{aligned} & \$ 5,000 \\ & \$ 7,500 \end{aligned}$ | $\begin{array}{r} 2 / 01 / 81 \\ 11 / 24 / 87 \end{array}$ | \$1,500 | 81,500 | 1/25/89 |
| Tesco Div. of Texee UCilicies <br> slectric Co. PAC (COOO19483) | \$3,750 | 11/19/87 |  |  |  |
| Texae Utilitiee Co/Texas Utilitiee Blectric Co. and Service Companiee Eaergy Eaployees PAC (C0007945s) | \$1,500 | 11/19/87 |  |  |  |
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| Gadeden Caunty Wemicratic Executive Comittor | \$ 1so | 9/22/81 | \$ 150 | \$ 150 | 8/31/88 refund <br> 1/25/89 Eranefar-ous |
| Comittee For Better Boston | \$1,500 | 11/19/81 | \$1.500 | \$1,500 | 8/31/88 refund <br> 1/25/89 erenefer-out |
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## BETORE THE PEDIMNL ELECTION COMISEIOM

In the Matter of

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& \text { MUR } 3011 \\
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TO: Robert N. Reeves, Treasurer Majority Congress Comittee P.O. BOX 70193

Washington, D.C. 20024
In furtherance of its investigation in the above-captioned matter, the Federal Election Comission hereby requests that you submit answers in writing and under oath to the questions set forth below within fifteen days of your receipt of this request. In addition, the Comeission 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 deadine, 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.

Unless otherwise indicated, the discovery request shall refer to the time period from September 15, 1987 to the present.

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

MUR 3011
Majority Congress Comittee
Page 3

## DEFIMITIOM8

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 commications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other comercial 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.

MUR 3011
Majority Congress Comittee Page 4

##  FOR RRODUCTION OF DOCUnITHES

The following information is requested from you concerning the fundraising proceeds transferred by the Wright Appreciation Fund to the Congressman Wright Appreciation Comittee and the Majority Congress Comittee during the 1988 election cycle.

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Comattee and the Majority Congress Comittee.
2. Identify the contributions reallocated from the Majority Congress Comittee to the Congressman Wright Appreciation Comittee. Include:
a) the name of the contributor:
b) the date of the contribution;
c) the amount of the contribution;
d) the date of the reallocation; and
e) the amount reallocated.
3. State the date these reallocations were actually received by the Congressman Wright Appreciation Committee.
4. Identify the contributions refunded by the Majority congress Committee, or by the Wright Appreciation Fund on behalf of the Majority Congress Committee. Include:
a) the name of the contributor:
b) the date of the contribution;
c) the amount of the contribution;
d) the amount refunded; and
e) the date of the refund.

MUR 3011
Majority Congress Connittee
Page 5
5. Disclosure reports filed with the Federal election Commission indicate that you received contributions from four unregistered organisations, namely the Gadsden County Democratic Executive Comaittee, the Comittee for a Better Boston, Texas Rural Water pac, and the rezas Independent Nursing Home Association. Indicate whether these comittees have a separate account for federal activity. If not, demonstrate that contributions made by these comittees included only funds subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971. as amended.
6. In its March 1989 quarterly report, the Majority Congress Comittee reported a transfer-in of $\$ 46.750 .00$ from the Congressman Wright Appreciation Comittee on February 2. 1989. Identify the source of these funds and the reason and purpose for the transfer.
7. State whether the Majority Congress Comittee made their contributor records available to the Wright Appreciation Fund during the 1988 election cycle.

FEDERAL ELECTION COMMISSION
HASHINTION UE :UAH:

November 30,1989

Craig Raupe, Treasurer
Wright Appreciation Fund
P.O. Box 1413
Fort Worth. Texas 76101

Dear Mr. Raupe: information.

On November 14, 1989, the Federal Election Commission found that there is reason to believe the wright Appreciation Fund and you, as treasurer, violated 2 U.S.C. $5441 \mathrm{a}(\mathrm{f})$, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. S 102.17, a provision of the Commission Regulations. The factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your

Under the Act, you have an opportunity to demonstrate that no action should be taken against the wright Appreciation Fund 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 fifteen (15) days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § $111.18(\mathrm{~d})$. 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. $\$ 5437 \mathrm{~g}(\mathrm{a})(4)(\mathrm{B})$ and $437 \mathrm{~g}(\mathrm{a})(12)(\mathrm{A})$, unless you notify the commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Danny L. McDonald
Chairman
Enciosures
Eactual and Legal Analysis
charts
?rocedures
Designation of Counsel Form
Interrogatories and Request for Production of Documents

# FEDERAL ELECTION COMMISSION <br> FACTUAL AND LEGAL ANALYSIS 

## RESPONDENTS: Wright Appreciation Fund and Craig Raupe, as treasurer

MUR 3011

## GENERATION OF MATTER

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

## FACTUAL AND LEGAL ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that an individual or a political committee other than a qualified multicandidate committee may not make a contribution to a candidate for federal office in excess of $\$ 1,000.00$ per election. 2 U.S.C. $\$ 441 a(a)$. No multicandidate committee shall make contributions to any candidate which, in the aggregate, exceeds 55,000 . Z U.S.C. $\$ 441 a(a)(2)$. Contributions to any other political committee, by either an individual or a political committee, shall not exceed $\$ 5,000.00$ per calendar year. 2 U.S.C. S i4la(a). The Act further provides that no candidate or political committee may knowingly accept any contribution in excess of these limits. 2 U.S.C. S 44la(f).

The treasurer of a political committee has the responsibility for determining the legality of any contributions
received by the committee. In the case of excessive contributions, the treasurer has sixty $(60)$ days from the date of receipt to obtain a reattribution or redesignation of the contribution to cure the illegality. 11 C.F.R. SS 103.3(b), 110.1(b). Excessive contributions not reattributed or redesignated must be refunded to the contributor within sixty days. 11 C.F.R. S 103.3(b).

The Commission regulations provide that organizations, including a party committee, which qualify as a political committee under the Act must register with the Commission. 11 C.E.R. S 100.5 . Organizations qualifying as political committees must establish a separate account for federal activity which includes only funds subject to the limitations and prohibitions of the Act. 11 C.F.R. S 102.5(a). Organizations that are not political committees must either establish a separate account for federal activity or demonstrate that contributions made to federal committees did not include any funds prohibited under the Act. 11 C.F.R. S 102.5(b). The Act pronibits corporate and labor union contributions. 2 U.S.C. § 441b.

The requlations set forth requirements for joint fundraising. 11 C.E.R. § 102.17. Participants in a joint fundraising effort must establish a committee to act as a fundraising representative. 11 C.f.R. § 102.17(a). The fundraising representative must be a reporting political committee and an authorized committee of each federal candidate participating in the joint fundraiser. 11 C.F.R. S 102.17(a).

All joint fundraisers are required to follow the procedures laid out in 11 C.F.R. S $102.17(C)$. Included in these provisions are a written fundraising agreement, setting out the formula for allocating fundraising proceeds. 11 C.F.R. S $102.17(c)(1)$. Both the fundraising representative and the participating committees have a duty to screen the contributions received to ensure that they are neither prohibited under the Act nor in excess of the contribution limitations. 11 C.F.R.S $102.17(c)(4)$. The regulations further provide that political committees participating in the joint fundraising effort must make their contributor records available to the fundraising representative to enable the fundraising representative to carry out its duty to screen contributions. 11 C.F.R. S 102.17(c)(4).
B. Analysis

The Wright Appreciation Fund (the "Fundraiser") was created as a joint Eundraising effort for the congressman wright Appreciation Committee (the "PCC") and the Majority Congress Committee the "PAC", As joint fundraising representative, the Fundraiser has a responsibility to make sure that the PAC and the PCC do not receive any excessive or impermissible contributions from the fundraising proceeds. Because the requlations require the participating committees to supply their contribution records to the fundraising representative, the Fundraiser's duty is not merely to make sure that contributions do not appear excessive when received by the Fundraiser. Instead, the fundraising representative is required to ascertain
whether a contribution is excessive or impermissible before it transfers the fundraising proceeds to the participating committees. See 2 U.S.C.S $441 \mathrm{a}(\mathrm{f})$, 11 C.F.R.S 102.17 (c)(4). The fundraiser, however, transferred fundraising proceeds which included excessive contributions to both the PAC and the PCC. In addition, the PAC received apparent impermissible funds as part of its proceeds.

In addition, since the Fundraiser has the responsibility for determining the legality of the joint fundraising proceeds, it should have done so within sixty days, as required by 11 U.S.C. § $103.3(b)$, which requires the treasurer of political comittee to cure the illegality of any contributions within sixty days.

The PCC received a transfer-in from the Fundraiser on October 7, 1988, that included excessive contributions from three non-multicandidate committees. See Attachment 1. These three committees each made primary election contributions of $\$ 1,250.00$ and general election contributions of $\$ 3,750.00$, for a total of $\$ 9,000.00$ in excessive contributions.

Then on March 30,1988 , the PAC received a transfer-in from the Fundraiser that inciuded $\$ 47,750.00$ in excessive contributions from twenty (20) political committees and one (1) individual, and $\$ 3.750 .00$ apparently impermissible funds from four (4) unregistered organizations. See Attachment 2. Two of the contributions from unregistered organizations raise a question of possible $\because$ iolations of 2 U.S.C. § 441 b . One is from an organization from Massachusetts, where corporate contributions are prohibited but union contributions are both permitted and
unlimited under state law. The second is from an unregistered organization in florida, where limited corporate and union contributions are permitted.

Although the Fundraiser had already transferred the excessive and apparent impermissible contributions to the PAC on March 30, 1988, on August 31, 1988, the Fundraiser refunded contributions from three of the four unregistered organizations. The Fundraiser also reallocated $\$ 43,750.00$ in excessive contributions from the PAC to the PCC. The PAC eventually transferred $\$ 46,750.00$ to the Fundraiser for the refunds and reallocations the Fundraiser had made. ${ }^{1}$ However, it is unclear when the PCC actually received the reallocated contributions.

Therefore, there is reason to believe the Wright Appreciation Fund and Craig Raupe, as treasurer, violated 2 U.S.C. § i4la(f) and 11 C.f.R. $\varsigma 102.17$.

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## before the federal election commission

In the matter of
; MUR 3011

## INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCURENTS

TO: Craig Raupe, Treasurer Wright Appreciation Fund P.O. Box 1413 Fort Worth, Texas 76101

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 fifteen (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.

MUR 3011
Wright Appreciation Fund Page 2

## INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from September 15,1987 to the present.

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

MUR 3011
Wright Appreciation Fund Page 3

## 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 fuli name, the most recent business and residence addresses and the eelephone numbers, the present occupation or position of such person, the nature of the connection or association that person has $=0$ 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.

MUR 3011
Wright Appreciation Fund
Page 4

## INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUREANTS

The following information is requested from you concerning the fundraising proceeds transferred by the Wright Appreciation Fund to the Congressman Wright Appreciation Committee and the Majority Congress Committee during the 1988 election cycle.

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Committee and the Majority Congress Committee, naming the Wright Appreciation Fund as fundraising representative.
2. While the Wright Appreciation Fund was acting as a joint fundraising representative during the 1988 election cycle, state whether it had access to the contributor records of the Congressman Wright Appreciation Committee and the Majority Congress Committee. If not, state why not.
3. Before transferring the fundraising proceeds to the Congressman Wright Appreciation Committee and the Majority Congress Committee, state how the Wright Appreciation Fund screened the contributions to ensure they fell within the limitations of the Act.
4. Edentify the contributions reallocated from the Majority Congress Committee to the Congressman Wright Appreciation zommittee. :nclude:
a) the name of the contributor;
b) the date of the contribution;
c) the amount of the contribution;
d) the date of the reallocation; and
e) the amount reallocated.
5. State the date that the contributions that were reallocated were actually received by the Congressman Wright Appreciation Committee.

MUR 3011
Wright Appreciation Fund
Page 5
6. Disclosure reports filed with the Federal Election Comaission indicate that the Fundraiser collected contributions from four unregistered organizations, namely the Gadsden County Democratic Executive Comittee, the Comittee for a Better Boston, Texas Rural Water PAC, and the Texas Independent Nursing Home Association. Indicate whether these committees have a separate account for federal activity. If not, demonstrate that contributions made by these committees included only funds subject to the limitations and prohibitions of the federal Election Campaign Act of 1971, as amended.
7. According to reports filed with the Commission, the Wright Appreciation Fund refunded contributions from the four unregistered organizations listed in the previous question after it had transferred these contributions to the Majority Congress Committee and the Congressman Wright Appreciation Committee. Indicate whether the Wright Appreciation Fund was reimbursed by the Congressman wright Appreciation Committee and the Majority Congress Committee, for making contribution refunds on their behalf. Include the date of any reimbursements.
8. On January 31, 1989, the Wright Appreciation Fund =ransferred $\$ 46,338.84$ to the Congressman Wright Appreciation committee. Identify the source of those funds and explain the reason and purpose for this transfer.

## FEDERAL ELECTION COMMISSION

WASHINKION ISC 20063

November 30, 1989

Mr. Henry Rerry, Treasurer
Congressman Wright Appreciation Comittee
P.O. Box 1413

Fort Worth, Texas 76101

| RE: | MUR 3011 |
| ---: | :--- |
|  | Congressman Wright |
|  | Appreciation Comittee and |
|  | Henry Kerry, as Treasurer |

Dear Mr. Kerry:
On November 14, 1989, the Federal Election Comission found that there is reason to believe the Congressman Wright Appreciation Committee and you, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Congressman Wright Appreciation 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 fifteen (15) days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. s 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 Comission 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 commuications from the Comission.

This matter will remain confidential in accordance with 2 U.S.C. SS $437 \mathrm{~g}(\mathrm{a})(4)(\mathrm{B})$ and $437 \mathrm{~g}(\mathrm{a})(12)(\mathrm{A})$, unless you notify the Comission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handiling possible violations of the Act. If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

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

PEDERAL ELECTION COMHISSION
PACTUAL AND LEGAL AMALYSIS
RESPONDENT: COngressman Wright Appreciation MUR 3011 Comittee, and Henry Kerry, as treasurer

## GENERATIOM OF HATYER

This matter was generated based on information ascertained by the Federal Election Comission ("the Commission") in the normal course of carrying out its supervisory responsibilities. 2 U.S.C. S $437 \mathrm{~g}(\mathrm{a})(2)$.

## FACTUAL AND LEGAL ANALYSIS

A. The Law

The Federal Election Campaign Act of 1971, as amended (the "Act"), states that an individual or a political committee other than a qualified multicandidate committee may not make a contribution to a candidate for federal office in excess of $\$ 1,000.00$ per election. 2 U.S.C. 5 441a(a). Contributions to any other political committee, by either an individual or a political committee, shall not exceed $\$ 5,000.00$ per calendar year. 2 U.S.C. S $441 \mathrm{l}(\mathrm{a})$. The Act further provides that no candidate or political committee may knowingly accept any contribution in excess of these limits. 2 U.S.C. s 441a(f). The treasurer of a political committee has the responsibility for determining the legality of any contributions received by the committee. In the case of excessive contributions, the treasurer has sixty (60) days from the date of receipt to obtain a
reattribution or redesignation of the contribution to cure the illegality. 11 C.F.R. SS 103.3(b), 110.1(b). Excessive contributions not reattributed or redesignated must be refunded to the contributor within sixty days. 11 C.F.R. S 103.3(b).

## B. Analysis

The Wright Appreciation Fund (the "Fundraiser") was created as a joint fundraising effort for the Congressman Wright Appreciation Comaittee (the "PCC") and the Majority Congress Committee (the "PAC"). The PCC received a transfer-in from the Fundraiser on October 7, 1988. This transfer-in included excessive contributions from three (3) non-multicandidate committees. See Attachment. These three comattees each made primary election contributions of $\$ 1,250.00$ and general election contributions of $\$ 3,750.00$, for a total of $\$ 9,000.00$ in excessive contributions. According to the PCC's reports filed with the Commission, the primary election contributions were made on January 22,1988 and the general election contributions were made on October 13, 1988. However, this needs to be verified by the PCC because the general election contributions were reported to have been transferred-in to the PCC by the Fundraiser on October 7. 1988.

On March 22, 1989, more than sixty days after receipt of the contributions, the PCC refunded the excessive contributions by sending checks for $\$ 3,000.00$ to each of the three committees. Thus, it appears that the PCC knowingly accepted excessive contributions in violation of 2 U.S.C. S 441a(f).

On February 2, 1989, the PCC transferred the sum of $\$ 46,750.00$ to the PAC. Reports filed by both the PCC and the PAC report this transaction as a "transfer of funds." It appears that the February 2, 1989 transaction may be violation of 2 U.S.C. 5 441a. Additional information is needed from the PCC to determine where the money came from and why the PCC transferred it to the PAC. Thus, it appears the PCC violated 2 U.S.C. S 441a(a) by making the February 2, 1989 transfer. Therefore, there is reason to believe that the Congressman
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CONGRESSMAN WRIGHI APPRECIATION COMAITTEE


## BEPORE THE FEDERAL ELECTION COHNISBION

In the Matter of

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 FOR PRODUCTIO OF DOCURETEY}

TO: Henry Rerry, Treasurer
Congressman Wright Appreciation Comittee P.O. Box 1413 Fort Worth, Texas 76101

In furtherance of its investigation in the above-captioned matter, the Federal Election Comission hereby requests that you submit answers in writing and under oath to the questions set forth below within fifteen days of your receipt of this request. In addition, the Comission 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.

MUR 3011
Congressman Wright Appreciation Comaittee Page 2

## INBTRUCTIOAS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from September 15,1987 to the present.

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

MUR 3011
Congressman Wright Appreciation Committee Page 3

## 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.

MUR 3011
Congressman Wright Appreciation Connittee Page 4

## INTERROCATORIES NND REOUSST FOR pEODUCTION OF DOCURLATIS

The following information is requested from you concerning the fundraising proceeds transferred by the Wright Appreciation Fund to the Congressman Wright Appreciation Comittee and the Majority Congress Conittee during the 1988 election cycle.

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Comittee and the Majority Congress Comittee.
2. Identify the excessive contributions the Congressman Wright Appreciation Comattee received fron the Wright Appreciation Fund. Include the name of the contributor, the date of the contribution, the amount of the contributions. Also indicate whether the contribution was designated for the primary or general election.
3. State when the Congressman Wright Appreciation Committee received the excessive contributions itemized in question (2) above, as a transfer-in from the Wright Appreciation Fund.
4. The Congressman Wright Appreciation Committee filed an amended Schedule A, dated November 10, 1988, disclosing a transfer-in from the Wright Appreciation Fund on October 7 , 1988. This transfer-in included three contributions dated October 13, 1988, which would mean the contributions were made after the transfer-in date. Explain the discrepancy in the report.
5. On January 31, 1989, the Congressman Wright Appreciation Committee received a transfer-in of $\$ 46,338.84$ from the Wright Appreciation Fund. Identify the source of these funds and explain the reason and purpose for this transfer.
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MUR 3011
Congressman Nright Appreciation Committee
Page 5
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6. On February 2, 1989, the Congressman Wright Appreciation Comattee transferred-out $\$ 46,750.00$ to the Majority Congress Comittee. Identify the source of these funds and explain the reason and purpose for this transfer.
7. Identify any funds reallocated to the Congressman Wright Appreciation Comittee from the Majority Congress Comittee in 1988. For each reallocation, include:
a) the name of the contributor:
b) the amount reallocated to the Congressman Wright Appreciation Committee; and
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c) the total amount of any contributions previously made to the Congressman Wright Appreciation Comattee for the 1988 primary and general election cycles by that contributor.

# BRAND \& LOWELL 

A PROPEBCLOMAL COMMOMATION
923 FIFTEENTH STAEET, N.w.
WASHINOTON, O.C. 20005
TELEPHONE: (202) 662-9700 TELECOPIER: (202) 737-7BES
January 29, 1990

## BY HNSD DELIVERY

Elizabeth Campbell, Esquire
Assistant General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463
Re: Yatter Under Reviey 3011
Dear Ms. Campbell:
Enclosed please find the responses of the Congressman Wrigit Appreciation Committee, the Congressman Wright Appreciation Funty and the Majority Congress Comittee to the Federal Election Commission's request for documents and written answers in the above-referenced matter under review.

I also wish to inform you that we and the three committees are actively exploring seeking pre-probable cause conciliation of this matter under review. I will be advise you this week of the committees' decisions in this regard. In the event the committees choose to pursue conciliation, I will then transmit a letter to you, also this week, explaining the grounds upon which we believe conciliation is appropriate.

Please telephone either me or Stanley Brand at 662-9700 if you have any questions about this submission, and I will contact you again later this week concerning the committees' decisions on conciliation.


Enclosures

In the Matter of
The Congreseman Wright Appreciation Committee,

Henry Kerry, Its Treasurer,

The Congressman Wright Appreciation Fund,

Craig Raupe,
Its Treasurer ${ }^{2}$,
The Majority Congress
Committee,
Robert Reeves,
Its Treasurer

Matter Under Review 3011

RESPONSE OF MCC TO COMYISSION REOUFST FOR WRITYTEN ANSWERS
The Majority Congress Committee (the "MCC/PAC") and Mr.
Robert Reeves, its treasurer, hereby respond to the order of the Federal Election Commission (the "Commission") to submit written answers to questions and documents relating to joint fundraising efforts involving it, the Congressman Wright Appreciation Committee (the "WAC/PCC"), and the Congressman Wright Appreciation Fund (the "WAF/Fundraiser").

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Committee and the Majority Congress Committee.

A copy of the joint fundraising agreement is attached hereto, behind rab 1.
${ }^{1}$ Mr. Raupe passed away in October of 1988. He has been replaced as Treasurer of the WAF by Mr. W. Edwin Youngblood.
2. Identify the contributions reallocated from the Majority Congress Committee to the Congressman Wright Appreciation Committee. Include:
a) the name of the contributor
b) the date of the contribution
c) the date of the reallocation; and
d) the amount reallocated.

See chart attached, behind Tab 2. The MCC and the WAF are investigating the contributions from the Texas Utilities Electric Political Committees and will forward to the Commission any information discovered.
3. State the date the reallocations were actually received by the Congressman Wright Appreciation Committee.

The reallocations were made in late January of 1989. The MCC/PAC issued a check dated January 25, 1989, to the WAF/Fundraiser in the amount of $\$ 46,750$, $\$ 43,750$ of which -- as is stated on the check which is attached hereto, behind Tab 3-was for reallocation to the WAC/PCC. The WAF/Fundraiser then transferred-in $\$ 46,338.84$ to the WAC/PCC on January 31, 1989, as a final distribution of funds from the WAF/Fundraiser for the 1987-88 election cycle, which amount included the reallocation from the MCC/PAC.
4. Identify the contributions refunded by the Majority Congress Committee, or by the Wright Appreciation Fund on behalf of the Majority Congress Committee. Include:
a) the name of the contributor:
b) the date of the contribution;
c) the amount refunded; and
d) the date of the refund.
i) Gadsden County Democratic Executive Committee: The Gadsden County Democratic Executive Committee contributed \$1,000 by check dated June 11, 1987, although this contribution check
was apparently held by the contributor and not received by the WAF/Fundraiser until on or about September 22, 1987, when it was deposited. The WAF/Fundraiser refunded the entire amount of this contribution on August 31, 1988.
ii) Committee for a Better Boston: The Committee for a Better Boston issued a check dated October 26, 1987, for $\$ 2,000$ to the Wright Appreciation Fund. The WAF/Fundraiser refunded the entire amount of this contribution on August 31, 1988.
iii) Texas Rural Water Political Action Committee: The Texas Rural Water Political Action Committee issued a check dated October 27, 1987, for $\$ 1,000$, to the Wright Appreciation Fund, which refunded it in its entirety on August 31, 1988.
5. Disclosure reports filed with the Federal Election

Commission indicate that you received contributions from four unregistered organizations, namely the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, Texas Rural Water PAC, and the Texas Independent Nursing Home Association. Indicate whether these committee have a separate account for federal activity. If not, demonstrate that contributions made by these committees included only funds subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

When Speaker Wright's campaign staff learned that the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, and the Texas Rural Water PAC did not have a separate account for federal activity, out of an abundance of caution for which it should not be penalized, the WAF/Fundraiser refunded the entire contributions immediately thereafter. Thus, it is immaterial from the WAF's perspective whether or not these
donor political committees internally allocated between funds subject and not subject to the Act.

As regards the Texas Independent Nursing Home Association, the November 19, 1987, contribution was inadvertently reported on Line 11b, Item B of the WAF's year-end Schedule A, which is intended for disclosure of party committee contributions. Despite this inadvertent reporting misclassification, the reporting of this contribution reveals that this contribution was not something the WAF/Fundraiser or its participating committees attempted to conceal. The WAF is investigating the source of the funds for this political committee's contribution to determine whether the contribution was made from the personal funds of the president of the contributing political committee or from other funds. If it is determined that this contribution was, in actuality, made from corporate funds, the WAF/Fundraiser will refund it and file an amended report.
6. In its March 1989 quarterly report, the Majority Congress committee reported a transfer-in of $\$ 46,750$ from the Congressman Wright Appreciation Committee on February 2, 1989. Identify the source of these funds and the reason and purpose for the transfer.

As provided for in the joint fundraising agreement, the WAC/PCC transferred $\$ 46,750$ to the MCC/PAC as excess funds, as that term is defined in 2 U.S.C. § 439 a.
7. State whether the Majority Congress Committee made their contributor records available to the Wright Appreciation Fund during the 1988 election cycle.

The records of the MCC/PAC and the WAF/Fundraiser were maintained separately by the staff of the respective political

I affizw th e fosagolmy Respquse Whe Majority Conjreen Committee to the request of dhe Federel Eiection Cunulselon for watten answers in comroction with its Matter Uuder pevien 3011 ie true and correct! liv the best of my pareonal knowlerlye, and that he docummuly attached harato raflests trup und. aceurate copias of cooumants in posseasion ur the majurit.y Congrass comsittee zepponslve to the sederal slection comaiws ion'en request for decuments reiating to its writiten quantions.

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# JOINO FUNDRAIEINC AGRGEMENT <br> DETWEEN <br> WRIGHT APPREGIATION COMMITTEE <br> ANO <br> MWOKITY CONGREBS COMFITTEE 

The WRIGHT APPRECIATZON COMMITYRE inczelnefcer 80faryod to ad "Wac."), Majority zeader sin Wright'y authorlzed campuign commdtten, and the MAJORITY CONORESS COMM2\%TLE, nOn-
 Los no "MC.c") hezaby enter lnto joint fundralalng agreemant (horelmafter zeterzed to as "the Ayruement") purcuant. io ld C.F.R. 6102.17 and agree ac rollows:

1. WAC and MCC (ooldectively referred to as the partlcifunte") ohall conduct acies of jaint fundralaling offort. in the noar futurn. The epecific mannur in whieh thusa Joint Eundraleing efforts will be conduetad shall bw mutually agzmad upon by the partier.
2. Jhe Wzight Appreclation Eund ("the Fund"), the folnt fundraising commbtee eatabllahed by wac and mec, chald act an lici fundrajaing representative fos blic joint fundraining offortri. Acuordingly, the fund will be scyponsibig for (A) colleoting and dopositing foint fundxadsing concriluvtions; (b) paying fundraising onsts from gross proceeds and from zunds advanced by the parties: (c) distributang nee proceeds: (A) ustabllshing a bank account to be ued solely for foint lundzuiaing reccipta and diuburscments; and (a) mainraining renorilu and reporting overalj joint fundiadsing activity.
(b) The partlodpante whadl forward any and all conerihuliuns which they recelve srum the joint iundreialny efforte to the pund tor depoalt within the tima periode pronancliod by 12 C.F.R. 5102. (t.e.. dontributions ol tifty dollars of doak whali be torwarded to the fund within thizky deyn after theis racelpt by elther of the participante: apnisibutimno execoing rifty doliare whall be forwarded within ten daye after their reseipel.
3. Any and all nat pracoede from the joint gundrafuing efforto butween the partbelpants (aflez the payment of mxpurseal shail be divided between lio parlies as followsi Seventy-£2ve percunt of the proeqeds ixum the joint fundralser wlll be diatrlbuted to WRIOAT Aggagciazzon comkimyet and twen-ty-five parcent of the proceede wll2 be distzibuted to insjokiyy CONORESE COMMSTYEE, howaver, if itm Wylght declazes, purouant to 2. U.S.C. S 439a, that ho nas akceac campaign funds, then MrJORITV cONGRESS COMMITHE widd zeceive aevonty-tive poreent of the groceedg and WRIOHI AFFRECIATION cummimise will rccelve ewenty-íive pareent of the proceeds.
4. Tha joint fundraising effurts betwoen wac and the Mre shall be conducted in compliance with the protidbitions and limitarione of the Federal Election Campaign act of 1971, an amended, 2 u.s.c. 5 43) te seg., and the regulations promudgated thercullur, il C.r.f. 5100 et geg.

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## REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

| Cont. Date * | Name | Addreas | Occupation | Amoum Roallocetod Io Mace | Provious Teter In:IAC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | L. F. Rooney, III | 2120 Montrose Boulevard Houston, TX 77008 (Prin-111 E. 31st Tuisa, OK (918) 583-6900 | Preatdent Marhattan Construction | 2250 | 11,750 P \& 9 |
| 10/15/87 | Engineers Polmical Education Commitee | 1125 - 17h Streat, N.W. Washinglon, O.C. 20036 | PAC, Larry Dugen, di., Chummen | 82.800 | 28000 (0) |
| 10/16/87 | NRLCA Pollical Action Commineo | 1448 Duke Street Alexandria, VA 22314 | PAC, Ken Parmelee (703) 604.5545 | \$2800 | \$2.600 P19 |
| 11/9/87 | Sheet Metal Workers Intl. Assn. Political Action League | 1750 New York Avenue. N.W. <br> Washington, D.C. 20006 | PAC | \$2.500 | \$2.500 (P\& G ) |
| 11/9/87 | Texas Ar Corp. Political Action Committee | 333 Clay Street, Sute 4040 Houston, Texas 77002 | PAC. Clark Onetead (202) 028-3038 | \$2.500 | 28000 ( 49 |
| 11/12/87 | BUILD PAC | 15th \& M Streets, N.W. Washington, D.C. 20005 | PAC, Bob Bammer | 52800 | 2800 pac |
| 11/19/87 | AT \& T PAC | 550 Madison Avenve New York, NY 10022 | PAC, W.G. Bryert | \$2,500 | 28500 ( 1 \& 9 |

- All reallocations occurred on August 31, 1988, except those for the Commodity Futures Polltical Fund, which occurred on October 17, tise.
reallocation chart: wright appreciation fund, wright appreciation committee, manority conaress committee

| Cont. Date | Name | Address | Occupation | Amoum Reallocited Io wac | Provious Tome Io MiAC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | Coastal Employee | Nine Greenway Plaza Houston, TX 77046 | PAC | \$25,00 | \$,500 (p \& $\mathrm{C}_{\text {) }}$ |
| 11/19/87 | DRIVE Pollical Fund | 25 Loulstana Avenue, N.W. Washington, D.C. 29991 | PAC, Jackie Presser | \$2,500 | 2500pec |
| 11/19/87 | Federal Express Polfical Action Committee | 20005 Corporate Avenvis Memphis, TN 38132 | PAC, George Hearn (501) 395-3041 | 82.500 | \$2,500 (P) |
| 3/5/87 | LTV Aerospace \& Defense Co. Active CMiz. Campn. | P.O. Box 225907 Dallas, TX 75265-5554 | PAC | \$2,500 | \$1.750 (P\&O) |
| 11/19/87 | Commodily Futures Pollical Fund | 30 S. Wacker Drve Chicago, IL 60608 | PAC, Leo Melamed, Crmn. | \$2.500 | \$1.250 (n) |
| 11/19/87 | Commodity Futures Political Fund | 30 S. Wacker Drve Chicago, IL 60608 | PAC, Leo Matamed, Chmn. | 83.750 | \$1,250 (9) |
| 11/19/87 | ATLA PAC Assn. of Trial Lawyers | 1050 31st Streot, N.W. Washington, D.C. 20007 (202) 965-3500 | PAC | \$7,500 | 2800pact |
| 12/11/87 | American Airlines Poiltical Action Committee | 1101 - 17Th Street, N.W. Washington, D.C. 20036 | PAC, Gene Overbeck | 22500 | \$2,500 p \& 6 |

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMmITEE

| Cont. <br> Date. | Name |
| :--- | :---: |
| 12/17/87 | Textron Pollical Action Committee |


| Address | Occupation |
| :---: | :---: |
| P.O. Box 879 <br> Providence, RI 02901 | PAC, Mary Howell |

Amount Rocllocinod Io Mac

Providence, RI 02901
82.500

3800 P 8 G

In the Matter of
The Congressman Wright Appreciation Committee,

Henry Kerry,
Its Treasurer,
The Congressman Wright
Appreciation Fund,
Craig Raupe ${ }^{1}$.
Its Treasurer,
The Majority Congress
Committee,
Robert Reeves,
Its Treasurer

Matter Under Review 3011
to submit written answers to questions and documents relating to
joint fundraising efforts involving it, the Congressman Wright Appreciation Fund (the "WAF/Fundraiser"), and the Majority Congress Committee (the "MCC/PAC").

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Committee and the Majority Congress Committee.

A copy of the joint fundraising agreement is attached
hereto, behind Tab 1.

1 Mr. Raupe passed away in October of 1988. He has been replaced as Treasurer of the WAF by Mr. W. Edwin Youngblood.
2. Identify the excessive contributions the Congressman Wright Appreciation committee received from the Wright Appreciation Fund. Include the name of the contributor, the dates of the contributions, the amount of the contributions. Also indicate whether the contribution was designated for the primary or general election.

Name
Contribution Date ${ }^{2}$
Amount
Berman for
Congress PAC

10-13-88 $\$ 5,000$

10-13-88

10-13-88

Election
pasianation
General

General

General
3. State when the Congressman Wright Appreciation Committee received the excess contributions itemized in question (2) above, as a transfer-in from the Wright Appreciation Fund.

The WAC/PCC received the transfer-in which included these contributions on January 31, 1989. As discussed in response to Questions 5-6, this transfer-in occurred during the course of making a final distribution of the proceeds (less expenses) of the joint fundraising activity.
4. The Congressman Wright Appreciation Committee filed an amended Schedule A, dated November 10, 1988, disclosing a transfer-in from the Wright Appreciation Fund on October 7, 1988. This transfer-in included three contributions dated

2 The term "date of contribution" is the date of deposit of the contribution checks. It should be noted that contributions of $\$ 5,000$ each, designated for the primary and general election, were also received from these committees via checks dated January 22, 1988. When considered together, refundable excess was calculated as follows: The WAC/PCC was able to receive $\$ 1,000$ for both the primary and general elections, and the MCC/PAC was able to receive $\$ 5,000$ for calendar year 1988. Thus, of the $\$ 10,000$ originally received by each contributor, $\$ 3,000$ was refunded to each as excess once the WAF/Fundraiser became aware that the contributors were not, in fact, multi-candidate committees.

> October 13, 1988, which would mean that the contributions were made after the transfer-in date. Explain the discrepancy in the report.

After diligent investigation, the WAC/PCC has been unable to ascertain the exact nature of the Commission's concern in this regard. The WAC/PCC believes, however, that any amended Schedule A dated November 10,1988 , to which the Commission is referring would be for a contribution reporting period that would have extended to October 13,1988 , or beyond. In fact, as was stated in the cover letter for the amended Schedules $A$ for both the WAF and the WAC, dated November 10, 1988, the reporting period covered up to and including October 13, 1988.

Furthermore, as discussed above in response to question 3, the transfer-in which included these allegediy "excess" contributions did not occur until January 31, 1989. Distribution of funds from the joint fundraiser and reporting thereof by the participating committees occurred separately from the reporting of the actual fundraiser contributions.
5. On January 31, 1989, the Congressman Wright Appreciation Committee received a transfer-in of $\$ 46,338.84$ from the Wright Appreciation Fund. Identify the source of these funds and explain the reason and purpose for this transfer.
-and-
6. On February 2, 1989, the Congressman Wright Appreciation Committee transferred-out $\$ 46,750$ to the Majority Congress Committee. Identify the source of these funds and explain the reason and purpose for this transfer.

A series of transfers occurred in late January of 1989 which were designed to finalize the distribution of funds for the 19871988 election cycle between the WAF/Fundraiser and the
participating committees: the WAC/PCC and the MCC/PCC. Under the joint fundraising agreement, based on the receipts and operating expenses of the WAF/Fundraiser, it was calculated that the funds were to be divided between the WAC/PCC and the MCC/PAC, as follows: $\$ 212,338.84$ to the WAC/PCC, and $\$ 491,310.70$ to the MCC/PAC. Before the series of transfers, however, the WAC/PCC had received only $\$ 166,000$ from the WAF/Fundraiser, but the MCC/PAC had received $\$ 554,000 .^{3}$ Thus, a series of transfers was needed to correct the allocation.

Response to ouestion 5: As is shown above, the amount due to the WAC/PCC was $\$ 46,338.84(\$ 212,338.44$ minus $\$ 166,000)$. This amount was transferred-in to the WAC/PCC from the WAF/Fundraiser on January 31, 1989, as the Commission's records indicate.

Response to ouestion 6: The funds transferred from the WAC/PCC to the MCC/PAC $(\$ 46,750)$ were actually transferred on January 31, 1989, as a part of the series of transactions described above. An inadvertent clerical error on the WAC/PCC's July 31, 1989, Midyear Report indicated that this occurred in early February of 1989.
${ }^{3}$ It must be noted that the sum of $\$ 166,000$ and $\$ 554,000$ is $\$ 720,000$. This is the amount that had been transferred to the WAC/PCC and the MCC/PAC before January 31, 1989. Based on contributions received and expenses incurred, the WAF/Fundraiser should only have transferred $\$ 703,649.54$. Rectifying this overdistribution was also included in the series of transfers done in late January of 1989.

The inadvertent clerical error notwithstanding, as provided for in the joint fundraising agreement, the WAC/PCC transferred $\$ 46,750$ to the MCC/PAC as excess funds so designated by speaker Wright, as that term is defined in 2 U.S.C. 439 a.
7. Identify any funds reallocated to the Congressman Wright Appreciation Committee from the Majority Congress Committee in 1988. For each reallocation, include:
a) the name of the contributor:
b) the amount reallocated to the Congressman Wright Appreciation Committee; and
c) the total amount of any contributions previously made to the Congressman Wright Appreciation Committee for the 1988 primary and general election cycles by that contributor.

See chart attached hereto, behind Tab 7.

## NITRATION

I affirm that the foregoing Reaponec of the Congreanmen Wright Appreciation Committee to the request of the Federal Election Comanesion for written anowary in connection with its Matter Under Laviow 3011 is true and correct to the best of my personnel knowledge, and that the documents attached hereto reflect true and accurate copies of documats In possession of the Congracaman Wright Appreciation Cpraitter responsive to the Federal Election Comiseion's request for documate relating to te write en questions.


Subscribed and Sworn to Before ki This

th day of January 1990


My Commisaion expires:


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# SOINJ PUNDRAIEING AGTLSENENT <br> METWEBN <br> WhIGHT APPRECIATION COMMETTEE ANO <br> MWOKITY CONGRESS COMHITYEE 

Th WRIGHT APPRECIATZON COMMITHRE Pherefnefter zofarrod to as "wacin), Majorlty reader sim Wright's authorized campuign commdtten, and the MAJORITY cONOREES COMM2\%TE5, soncornucted Eedezal political committem, (nerelnazter referied

- Lu no "MC.C") hezeby enter into a joint fundralalng agreemont
 offort. in the noar futurn. The apecifie manner in which thuan ynint Eundraleing efforse will be condueted shall bu mutueliy agzand upon by the partler.

2. The Wright Appzeclation Fund ("the Fund"), the joint fundralsing commstee establlshad by wAc ulld MCC, shald act an plici cundraising representative for the joint fundraining -Efortsi. Acuordingly, the Fund will be diyponsible for (a) collaoting and dopositing joint fundxalsing contriluutions; (b) paying fundraining onstu Erom gross proceeds and from funds advanced by the parties; (C) olstributing nee proceedsi (A) establishing a bank account to be used solely for foinh cundzuising reccipra and diuburscments; and (Q) minintaining ree rovilu and reportina overall joint fundraising activity.
(b) The pertlodpanes whall forward any and all concrihuliuns whieh they reoedve 56 m the joint sundradsing
 meriluod by 11 C.F.R. 5102. (1.e., contributiont ot titty dollars or doan whald be forwasded to the fund within thizty dayn altar thesz rocelpt by elthay of the pazelclpente: canixdbutinno excaeding fafty deliars whall be forwaried withln ten fayo after their roeeipt).
3. Any and all net procseat from tha joint quadralying efforto butween the factietpants (afler the payment of mxpuraesl shall be divided between the parties an follows: Sevanty-8ive mercunt of the proeqeds ixem the joint fundradaer wdil bo distylbuted to WRICHT appRBCIATJON combizwet and twen-cy-five percenl of the proceode will be distributed to innsoniry CONGRES COMMIMree, however, if Itm Mright declazen, pursuant to 2. U.S.C. S 439a, that he hes axcese campaign funds, then MrJORITY CONGRESS COMMIFTEE wid zecelve eeventy-five pascent of che proceqd and WRIOHT APFRECIATJON CUMMITTEE WILL rccelve ewenty-ifive poreent of the proceeds.
4. The joint tundraising wf furta betwoen was and the MrC shali to conducted in compliance with the prohibitions and IImitarifone of the fadexal Election Campaign act of 1971, an amonded, 2 U.S.C. 5431 te sig. and the ragulations promudgated thescunder, 11 C.E..K. 5100 et seg.

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REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

| Cont. Date * | Name | Address | Occupation | Amount Reallocated To Mac | Previous Toted Te Mac |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | L. F. Rooney, III | 2120 Montrose Bowlevard <br> Houston, TX 77006 <br> (Prin-111 E. 31st <br> Tulsa, OK (918) 583-6900 | President <br> Manhattan Construction | 8250 | S1.750 ( \& G $^{\text {a }}$ |
| 10/15/87 | Engineers Pollical Education Committee | 1125-17th Street, N.W. Washington, D.C. 20036 | PAC, Larry Dugan, Jr., Chamman | \$2,500 | \$2.500 (G) |
| 10/16/87 | NRLCA Polinical Action Commiteo | 1448 Duke Street Alexandila, VA 22314 | PAC, Ken Parmelee (703) 604.5545 | \$2,500 | 2500 (P\&G) |
| 11/9/87 | Sheet Metal Workers Intl. Assn. Polkical Action League | 1750 New York Averue, N.W. <br> Washington, D.C. 20008 | PAC | 88.500 | 22500 (Pa) |
| 11/9/87 | Texas Alr Corp. Poinical Action Committee | 333 Clay Street, Sume 4040 Houston. Texas 77002 | PAC, Clark Onstead (202) 620-333 | \$2,500 | 2800 P \& 9 |
| 11/12/87 | BUILD PAC | 15th \& M Streets, N.W. Washington, D.C. 20005 | PAC, Bob Bannmer | \$2,500 | 52.500 (P\& C) |
| 11/19/87 | AT \& T PAC | 550 Madison Avenue New York, NY 10022 | PAC, W.G. Bryant | \$2,500 | \$2.500 (P\&G) |

* All reallocations occurred on August 31, 1988, except those for the Commodity Futures Political Fund, which occurred on October 17, 1896.

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MAJORITY. CONGRESS COMMITTEE

| Cont. Date | Name | Address | Occupation | Amount Reallocitod To Mac | Provious Tcen TeMAC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | Coastal Employee | Nine Greenway Plaza Mouston, TX 77046 | PAC | \$25,00 |  |
| 11/19/87 | DRIVE Polkical Fund | 25 Loulstana Avenue, N.W. Washington, D.C. 29991 | PAC. Jackle Preeser | \$2,500 | 22,500 (P\& 9 |
| 11/19/87 | Federal Express Pollical Action Commitee | 20005 Corporate Avenue Memphis, TN 38132 | PAC. George Hearn (501) 395-3041 | \$2.500 | $\operatorname{ses} 00 \mathrm{p}$ |
| 3/5/87 | LTV Aerospace \& Defense Co. Active Criz. Campn. | P.O. Box 225907 Dallas, TX 75265-5554 | PAC | \$2,500 | \$1,750 (P \& C) |
| 11/19/87 | Commodity Futures Poltical Fund | 30 S. Wacker Drive Chicago, IL. 60606 | PAC, Leo Malamed, Chmn. | \$2,500 | \$1,250 (P) |
| 11/19/87 | Commodhy Futures Polinical Fund | 30 S. Wacker Drive Chicago, IL 60606 | PAC, Leo Melamed, Chmn. | 83.750 | \$1,250 (1) |
| 11/19/87 | ATLA PAC Assn. of Tral Lawyers | 1050 318 Street, N.W. Washington, D.C. 20007 (202) 965.3500 | PAC | 87,500 | 82.000 (P) |
| 12/11/87 | American Alrines Poltical Action Committee | 1101-17h Street. N.W. Washington, D.C. 20036 | PAC. Gene Overbeck | \$2,500 | 22,500 (P \& 6) |

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WAIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

Cont.
Date

12/17/87
Name
Textron Pollical Action Commilteo

Address
occupation
P.O. Box 878

PAC, Mary Howely
Amoum Reallocated Io Mac Provious Tocel Io mic
In the Matter of In the Matter or
The Congressman WrightAppreciation Comittee,
Henry Kerry,Its Treasurer,
The Congressman Wright

The Congressman WrightAppreciation Fund,
Craig Raupe,
Its Treasurer ${ }^{1}$,
The Majority Congress
Committee,
Robert Reeves,
Its Treasurer
Its Treasurer,

Matter Under Reviow 3011

RESPONSE OF WAF TO COMMISSION REOUEST FOR WRITMTEN ANSWERS
The Congressman Wright Appreciation Fund (the "WAF/Fundraiser") and Mr. Craig Raupe, its treasurer, hereby respond to the order of the Federal Election Commission (the "Commission") to submit written answers to questions and documents relating to joint fundraising efforts involving it, the Congressman Wright Appreciation Committee (the "WAC/PCC") and the Majority Congress Committee (the "MCC/PAC").

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Committee and the Majority Congress Committee.

A copy of the joint fundraising agreement is attached hereto, behind Tab 1.

1 Mr. Raupe passed away in October of 1988. He has been replaced as Treasurer of the WAF by Mr. W. Edwin Youngblood.
2. While the Wright Appreciation Fund was acting as a joint fundraising representative during the 1988 election cycle, state whether it had access to the contributor racords of he Congressman Wright Appreciation Committee and the Majority Congress Comittee. If not, state why not.

The WAF/Fundraiser had access to such records during the 1988 election cycle.
3. Before transferring the fundraising proceeds to the Congressman Wright Appreciation Committee and the Majority Congress Committee, state how the Wright Appreciation Fund screened the contributions to ensure they fell within the limitations of the Act.

The WAF/Fundraiser maintained a series of color-coded contributor cards to monitor contributions to the WAF/Fundraiser (blue), the WAC/PCC (green), and the Wright Congressional club (white). The staff of the MCC/PAC maintained its records separately, but the staffs of the political committees shared contributor information, as was necessary. The staff of the WAF/Fundraiser would examine the contributor cards of the WAF/Fundraiser, the WAC/PCC, and the Wright Congressional Club, and contact staff of the MCC/PAC to screen the contributions received to ensure that they fell within federal limitations.

For the 1987-1988 fundraisers, once the joint fundraising contributions were screened, they were divided $75 \%$ to the MCC/PAC and $25 \%$ to the WAC/PCC, unless particular contributions were earmarked for one of the two participating committees in a manner that made such an exact division impossible. As discussed in response to Questions 4-5 below, an inadvertent result of this
system was that, in a few isolated incidents among 2,500-plus ${ }^{2}$ contributions received via the joint fundraising, certain contributions were ultimately reallocated because the uniform use of the allocation procedure described above resulted in a contribution to the MCC/PAC which exceeded its $\$ 5,000$ limit.
4. Identify the contributions reallocated from the Majority Congress Committee to the Congressman Wright Appreciation Committee. Include:
a) the name of the contributor:
b) the date of the contribution:
c) the date of the reallocation; and
d) the amount reallocated.

See chart attached behind Tab 4.
5. State the date that the contributions that were reallocated were actually received by the Congressman Wright Appreciation Committee.

Receipt of the reallocations occurred in late January of 1989. The MCC/PAC issued a check dated January 25, 1989, to the WAF/Fundraiser in the amount of $\$ 46,750, \$ 43,750$ of which -- as is stated on check which is attached hereto, behind Tab 5 -- was for reallocation to the WAC/PCC. The WAF/Fundraiser then transferred-in $\$ 46,338.84$ to the WAC/PCC on January 31, 1989, as a final distribution of funds from the WAF/Fundraiser for the 1987-88 election cycle, which amount included the reallocation from the MCC/PAC.

[^7]6. Disclosure reports filed with the Federal Election Commission indicated that the Fundraiser collected contributions from four unregietered organizations, namely the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, Texas Rural Water PAC, and the Texas Independent Nursing Home Association. Indicate whether these committee have a separate account for federal activity. If not, demonstrate that contributions made by these committees included only funds subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

When Speaker Wright's campaign staff learned that the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, and the Texas Rural Water PAC did not have a separate account for federal activity, out of an abundance of caution for which it should not be penalized, the WAF/Fundraiser refunded the entire contributions immediately thereafter. Thus, it is immaterial from the WAF's perspective whether or not these donor political committees internally allocated between funds subject and not subject to the Act.

As regards the Texas Independent Nursing Home Association, the contribution was inadvertently reported on Line $11 b$, Item $B$ of the WAF's year-end Schedule A committee, which is intended for disclosure of party committee contributions. Despite this inadvertent reporting misclassification, the reporting of this contribution reveals that this contribution was not something the WAF/Fundraiser or its participating committees attempted to conceal. The WAF is investigating the source of the funds for this political committee's contribution to determine whether the contribution was made from the personal funds of the president of the contributing political committee or from other funds. If it
is determined that this contribution was, in actuality, made from corporate funds, the WAF/Fundraiser will refund it and file an amended report.
7. According to the reports filed with the Commission, the Wright Appreciation Fund refunded contributions from the four unregistered organizations listed in the previous question after it had transferred these contributions to the Majority Congress Committee and the Congressman Wright Appreciation Committee. Indicate whether the Wright Appreciation Fund was reimbursed by the Congressman Wright Appreciation Committee and the Majority Congress Committee, for making contribution refunds on their behalf. Include the date of any reimbursements.

The WAC/PCC reimbursed the WAF/Fundraiser in that the WAF/Fundraiser deducted the WAC/PCC's allocable share of the refunds from the final distribution of funds by the WAF/Fundraiser to the WAC/PCC. The MCC/PAC returned its allocable share of the refund -- $\$ 3,000$-- to the WAF/Fundraiser by check dated January 25, 1989.3
8. On January 31, 1989, the Wright Appreciation Fund transferred $\$ 46,338.84$ to the Congressman Wright Appreciation Committee. Identify the source of those funds and explain the reason and purpose for this transfer.

A series of transfers occurred in late January of 1989 which were designed to finalize the distribution of funds between the WAF/Fundraiser and the participating committees. Under the joint fundraising agreement, based on the receipts and operating expenses of the WAF/Fundraiser and reallocations, it was calculated that the funds were to be divided between the WAC/PCC and the MCC/PAC, as follows: $\$ 212,338.84$ to the WAC/PCC, and

[^8]$\$ 491,310.70$ to the MCC/PAC. Before the series of transfers, however, the WAC/PCC had received only $\$ 166,000$ from the WAF/Fundraicer, but the MCC/PAC had received \$554,000.4 The amount due to the WAC/PCC was $\$ 46,338.84$ ( $\$ 212,338.44$ minus $\$ 166,000$ ). This amount was transferred-in to the WAC/PCC from the WAF/Fundraiser on January 31, 1989, as the Commission's records indicate.

## AFFIRMATION

I affirm that the foregoing Response of the Congressman
Wright Appreciation Fund to the request of the Federal Election
Comisaion for written answer m in connection with its Mater Under
Review 3011 is true and correct to the beat of my personal knowledge, and that the docuseate attached hereto reflect true and accurate copies of documents in possession of the Congressman Wright Appreciation Fuad responsive to the Federal Election Cominiaion's request for documents relating to its written questions.

Dated: January 29, 1990


Subscribed and Sworn to Before Me This
 th day of January 1990
 My Commisaion expires: $5 \cdot 2443$


# SOINO FUNDRAIEING AGCLERAENT DETWEEN <br> WKIEKT APPREESATION COMMITJER ANO <br> MWOKITY CONEREAS COMHITTEE 

The WRICHT APPRECIATEON COMMITYRE (hCYe\&naftex zefarrod to as "Wac"), Majority weader 3 im Wright's authorized eampuign commbtten, and the Majoinity conoress commzyrit, a noncomucted Ecderal poldeical committen, (herelnazter reterred Les no "MC.C") heraby enter lnto foint fundraielng agreement (herelmartaz zetarged to as "the Ayzuament") pursuant. iv id C.F.R. \& 102.17 and agree ac collows:

1. WAC and MCC (eolloctively referred to ns the parelcifunts") ohali ennduct aeries of joint lundradadng Qfforl.e in the noar Euturn. The apecific mannur in whlell bluye Jnint fundradeing efforts will be conduetad shall bu mutualiy agiand upon by the paxtles.
2. Ihe Wright Appreciation Fund ("the Pund"), the foint fundralsing commstee eatablishad by WAC und MCC, shald actan vilic fundraiging representative fol bic juint fundralaing -Efortri. Acuozdingly, the Fund will be aciyponyible for ( $A$ ) collonting and dopositing foint fundradeing contilliutions; (b) waying lundraising onsly from gross proceeds and from funds Advanced by the parties; ( $C$ ) alstributing nee proceedsf (A) establishing a bank account to be used selely for foinl fundzuising reccipta and disburscments: and (a) maintaining rea envilu and reporting overall joini fundraising activity.
(b) The gertlotpante whadl forward any and all conerihusiuns whith they reoeive revm the joint sundralaing -fforte to the Fund for eopoolt withln the time periode premerlbud by 12 C.f.R. 1 102. (1.e., contributions et effey dollars ox loak ahnil be forwazdod to the fund within thizty dayn after theiz recelpt by elthay of the parelelpantes conisibutinno exceoding ficty dollaze minall be forwarded within ten faye after their receipel.
3. Any and all not proceode from the jolnt quadrafuing efforto butween the partilutpants (afler the payment of expunses) shall be divided between hiv parhies as tollows: sovanty-give percunt of the proeqede ixom the joine fundralsar wlll be diserlbuted to wright appagciation commiztet and twen-ey-five perconl of the procoede will be distributed to inajokity
 to 2 U.S.C. S 439a, that he hes axcess campalgn funds, then Mhjorify conaness comaltiaE will zecoive eeventy-flve percent of the proceeds and whioht appreciatjun committee will recelve ewenty-five pareent of the proceeds.
4. The joint fundsafeing elcurts betwaen wac and the Mric shall be conducted in compliance with the profisbitions
 on amended, 2 U.s.C. $S 431$ et seg., and the requiations promulgated checcunder, 11 C.E.K. 5100 et seg.

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71040324547
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REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

| Cont. <br> Date | Name | Addres: | Occupation | Amount Reallocated To MAC | Provious Totel Io Mac |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | L. F. Rooney, III | 2120 Montrose Boulevard <br> Houston, TX 77006 <br> (Prin-111 E. 31st <br> Tulsa, OK (918) 583-6900 | Presidert Manhattan Conetruction | 5250 | \$1,750 (P\&G) |
| 10/15/87 | Engineers Pollical Education Commitee | 1125-17h Street, N.W. Washington, D.C. 20036 | PAC, Larry Dugan, dr., Chammen | \$2.500 | 22800 (3) |
| 10/16/87 | NRLCA Polinical Action Commitee | 1448 Duke Street Alexandria, VA 22314 | PAC. Ken Parmelee (703) 000.5846 | 82.500 | 28000 Pa |
| 11/9/87 | Sheet Metal Workers intl. Assn. Poltical Action League | 1750 New York Avenue. N.W. <br> Washington, D.C. 20006 | PAC | \$2.500 | \$2500 (P) G |
| 11/9/87 | Texas Ar Corp. Political Action Committee | 333 Clay Street, Sume 4040 Houston, Texas 77002 | PAC, Clark Onstead (202) 628-3336 | \$2,500 | 22,500 ( $\& 9$ |
| 11/12/87 | BUILD PAC | 15th \& M Streets, N.W. Washingtion, D.C. 20005 | PAC, Bob Bannter | \$2.500 | 22800 (pala |
| 11/19/87 | AT \& T PAC | 550 Madison Avenue New York, NY 10022 | PAC, W.G. Bryart | \$2,500 | 52,500 (P\& C) |

* All reallocations occurred on August 31, 1988, except those for the Commodity Futures Political Fund, which occurred on October 17, 18e8.

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

| Cont. Date. | Name | Address | Occupation | Amount Roallocitod Ie Wac | $\begin{aligned} & \text { Provious Toced } \\ & \text { Io MIAC } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | Coastal Employee | Nine Greerway Plaza Houston, TX 77046 | PAC | \$25,00 | 22500 ¢ \& 9 |
| 11/19/87 | DRIVE Pollical Fund | 25 Louislana Avenue, N.W. Washington, D.C. 29991 | PAC. Jackio Prescer | \$2.800 | 82,500 (P\& C) |
| 11/19/87 | Federal Express Political Action Committee | 20005 Corporate Averne Memphis, TN 38132 | PAC. George Hearn (501) 396-3841 | \$2,500 | \$2.500 (1) |
| 3/5/87 | LTV Aerospace \& Defense Co. Aclive Chiz. Campn. | P.O. Box 225907 Dallas, TX 75265-5554 | PAC | \$2500 | \$1,700 P \& ف |
| 11/19/87 | Commodhy Funures Pollical Fund | 30 S. Wacker Drive Chicago, IL. 60603 | PAC, Leo Melamed, Crrmn. | \$2,500 | \$1,250 (p) |
| 11/19/87 | Commodity Funures Pollical Fund | 30 S. Wacker Drtve Chicago, IL 60606 | PAC. Leo Malamed, Chmn. | 85,750 | \$1,250 (6) |
| 11/19/87 | ATLA PAC Assn. of Trial Lawyers | 1050 31st Street, N.W. Washington, D.C. 20007 (202) $965-3500$ | PAC | 87800 | 2,500 PCC |
| 12/11/87 | American Alrlines Political Action Committee | 1101-17h Street, N.W. Washington, D.C. 20036 | PAC, Gene Overbeck | \$2,500 | 22,500 (P \& 9 ) |

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MANORITY CONGRESS COMMITTEE

| Cont. <br> Date | Name | Addrese | occupation | Amount Roalloonted In MaC | Provious Totel <br> IDMIC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 12/17/87 | Texiron Poluical Action Commitee | P.O. Box 878 Providence, RI 02901 | PAC, Mary Howell | \$2,500 | 82500 P \& 9 |

# BRAND \& LOWELL 

A AnORESBHOMAL COMMOMATION
Q23 FIFTEENTH STREET, N.W. MASHIMOTON, D.C. 20005

February 9, 1990

## By mand prutyery

Elizabeth Campbell, Eequire Staff Attorney<br>Office of the General Counsel<br>Federal Election Comission<br>999 E Street, N.W.<br>Washington, DC 20463

TELEPNOME: (202) 662-9700 TELECOPIER: (202) 737-7E68

Re: Request for Pre-Probable Cause Conciliation of Matter Under Reviey 3011

Dear. Ms. Campbell:
By this letter, pursuant to 11 C.F.R. S $111.18(\mathrm{~d})$, the Congressman Wright Appreciation Committee ("WAC/PCC"), the Congressman Wright Appreciation Fund ("WAF/Fundraiser"), and the Majority Congress Comittee ("MCC/PAC") (collectively, the "Committees") and their treasurers hereby respectfully petition the Federal Election Comission (the "Comission") for preprobable cause conciliation of Matter Under Review 3011.
M.U.R. 3011 concerns the manner in which the Committees refunded and allocated approximately twenty-seven contributions raised pursuant to a joint fundraising agreement drafted by their then counsel.

Before turning to the allegations of M.U.R. 3011, it is important to examine the context in which Speaker Wright's joint fundraising efforts were conceived and implemented. First as Majority Leader of the House of Representatives and later as Speaker, Mr. Wright felt obliged to assist fellow Democratic House members and candidates. For this reason, he founded the MCC/PAC, a multicandidate political committee providing funds mainly for these Democratic House candidates.

At the same time, however, Mr. Wright had his own reelection efforts to finance, which he had traditionally done through his personal campaign committee, the WAC/PCC.

While recognizing the many obligations imposed on him as a leader of his party in the House, including the responsibility to raise funds, Mr. Wright found it necessary to involve himself in a wide range of fundraising activities, often having to seek funds from the same sources on multiple occasions for each

Elizabeth Campbell, Esquire February 9, 1990<br>Page 2

different committee with which he was associated. In his dual role as member of Congress and party leader, Jin Wright found himself soliciting constituents and other citizens for political contributions too often. For this reason, Mr. Wright resolved to conduct one large joint fundraiser for both the MCC/PAC and the WAC/PCC.

Consequently, Mr. Wright contacted his then counsel for advice on implementing a joint fundraising effort, whereupon, pursuant to campaign finance regulations, his counsel drafted a joint fundraising agreement that served as the basis for future joint fundraisers.

As conceived and implemented, the joint fundraising agreement was designed to afford Mr. Wright sufficient latitude to finance his re-election efforts, as was necessary, and also to support the MCC/PAC. Accordingly, the joint fundraising agreement permitted Mr. Wright to declare excess funds, ${ }^{2}$ even to the point of reversing the initial 75\%-25\% distribution of funds to the WAC/PCC and the MCC/PAC, respectively, depending upon the WAC/PCC's needs and the success of joint fundraising efforts.

One effect of holding a joint fundraiser on the large scale which Jim Wright envisioned was, however, that such a fundraiser generated a vast amount of campaign finance compliance and disclosure paperwork. Indeed, from joint fundraising efforts for the 1987-1988 election cycle alone, WAC/PCC, WAF/Fundraiser, and MCC/PAC staff screened and processed over 2,500 contributions, allocated most of these ${ }^{3}$ contributions between the MCC/PAC and

1 Copies of these joint fundraising agreements are attached to the Committees' responses to the Commission's request for written answers.

2
As an established Member of Congress when the joint fundraising agreement was conceived and implemented, Jim Wright could foresee that, on occasion, he might have insubstantial or no opposition, in which case significantly more jointly raised funds would be available for the MCC/PAC.

3 Occasionally, a contributor would request, pursuant to a disclosure the Commission requires to appear on all joint fundraising materials, that all of his or her contribution be provided to Jim Wright's personal campaign committee, the WAC/PCC Such requests were honored.

Elizabeth Campbell, Esquire February 9, 1990 Page 3

the WAC/PCC, and completed the allocation disclosure paperwork. Thus, each of the 2,500-plus contributions and allocations -regardless of size -- was manually entered on Comission disclosure forms and thus reported to the Comission and the public.

Moreover, as described in the response of the WAF/Fundraiser to the Comission's request for written answers, to onsure compliance with campaign finance law and regulations, WAF/Fundraiser and WAC/PCC staff employed a series of colorcoded cards to monitor contributors' contributions to the WAC/PCC, the WAF/Fundraiser, and the Wright Congressional Club. These cards were maintained in Fort Worth, at Jin Wright's campaign headquarters. The records of the MCC/PAC were maintained in Dallas, at its headquarters, and the staff of the MCC/PAC and of the WAF/Fundraiser and the WAC/PCC shared contributor information as was necessary to ensure contribution limits were observed.

Despite the efforts of diligent -- albeit overburdened -staff who were responsible for processing all these 2,500-plus contributions, ensuring that each met legal requirements, allocating them, and finally disclosing these allocations, it was discovered that approximately twenty of these 2,500 -plus were improperly allocated between the MCC/PAC and the WAC/PCC. The improper allocations were oversights which occurred in the processing and allocation of these many contributions.

Also, three contributions apparently exceeded contributions limits because they were from political committees which were not multicandidate committees, and three contributions came from

4 Jim Wright endeavored to report all the contributions he received, even those under the $\$ 50$ reporting threshold.

5 to the Committees' attention, the committees had already reallocated all the allegedly "excessive" allocations the Commission enumerated in its reason to believe finding, except for those involving Texas Utilities Electric political committees. The Committees continue to investigate these.

Elizabeth Campbell, Esquire February 9, 1990 Page 4

comittees that may have had non-federal sources of funds. ${ }^{6}$ These oversights were discovered and the contributions were refunded, again well before the Comittees learned of this matter under review.

Thus, the Committees, of their own initiative, corrected virtually all the alleged errors the Comission has identified. And, given the vast number of contributions screened and allocations processed, it must be emphasized that the number of errors identified -- approximately 27 in all -- comprises only one percent of the joint fundraising contributions received during the 1987-1988 election cycle. Accordingly, the Comittees must direct the Commission's attention to their ninety-nine percent accuracy rate during this busy time period, and believe that this should weigh most heavily in conciliation.

The Committees must agree that, in the midst of all the joint fundraising paperwork, a few inadvertent and regrettable errors appeared to have occurred. As discussed above, however, the Committees reallocated and refunded the contributions when they discovered such oversights had occurred. Indeed, it may well have been the letters and amended disclosure reports that the Committees transmitted to the Commission announcing that refunds and reallocations were being made which actually piqued the Commission's inquiry herein.

This final point notwithstanding, the Commission's concerns, as expressed in its "reason to believe" letters to the committees, appear to be that the reallocations and refunds did not occur in a manner deemed timely under campaign finance law and regulations. As the committees have stated in their

6
In an overabundance of caution, the WAF/Fundraiser returned each of these three potentially non-federal contributions, rather than waiting to ascertain the sources of these funds. These contributions were refunded to the Committee for a Better Boston, the Texas Rural Water Political Action Committee, and the Gadsden County Democratic Executive Committee. The Commission has identified a fourth allegedly non-federal committee, the Texas Independent Nursing Home Association Political Action Committee, from which the WAF/Fundraiser reported receiving a contribution. As set forth in the written answers, the Committees continue to investigate the actual source of funds for this fourth contribution to determine how to proceed.

Elizabeth Campbell, Esquire February 9, 1990 Page 5
responses to the Comission's request for writton answers, these refunds and reallocations were not booked to the MCC/PAC and the WAC/PCC until January of 1989, when the Comittees were finalizing their books for the 1987-1988 election cycle.

When viewed in light of their high percentage accuracy rate and the large volume of contributions the Comittees screened, processed, and reported, however, the Comittees respectfully submit that the timing issues comprising the core of this matter under review are well-suited for conciliation. This is particularly the case because the committees already reallocated and refunded virtually all the contributions about which the Commission has expressed concern.

Furthermore, the Committees have wound down their operations. Thus, the committees respectfully request that conciliation proceed forthwith, so that their affairs can be finally resolved.

Please contact David Frulla or me if you or the Commission have any questions and so that we can proceed with conciliation.


# BRAND \& LOWELL 

A MnOR Esengmal commonariow 923 FIFTEENTM STREET. N.W. WABHINGTON, D.C. 20005

TELEPHONE: (2021 682-9700 TELECOPIEA: 1202 ) $737-7868$

February 14, 1990

## BY HNTD DATTVEBY

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Elizabeth Campbell, Esquire
Staff Attorney
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC }2046
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Re: Matter Under Reviev 3011
Dear Ms. Campbell:
As we discussed yesterday, you have inquired into the basis on which the Congressman Wright Appreciation Committee ("WAC") reallocated $\$ 46,750$ in proceeds to the Majority Congress Committee ("MCC") on January 31, 1989. You expressed concern about this reallocation because it appeared to you that any such reallocation would have been improper because the MCC and the WAC were not "affiliated committees."

After discussing the terms of the joint fundraising agreement with former counsel for the MCC, the WAC, and the Wright Appreciation Fund ("WAF") and then considering the question you raised, it appears that the committees' responses may have failed to make sufficiently clear to you the basis on which the January 31,1989 reallocation of the $\$ 46,750$ occurred.

While 11 C.F.R. S $102.6(a)$ does provide for the transfer ${ }^{1}$ of unlimited funds between affiliated committees, the reallocation in question did not occur on this basis. Rather, the reallocation occurred pursuant to 11 C.F.R.S 102.17 and the

1
While the written answers of the three committees state that the funds in question were "transferred," it may have been more precise to state that these funds were reallocated under the provisions of the joint fundraising agreement.

Elizabeth Campbell, Esquire February 14, 1990<br>Page 2

terms of the joint fundraising agreement, which has already been provided to you.

Under the joint fundraising agreement, Speaker Wright had declared, pursuant to 2 U.S.C. S 439a, that he had excess campaign funds. Neither that provision nor regulations promulgated thereunder (see 11 C.F.R. S 113.2) require that Speaker Wright reallocate these excess funds only to one of his affiliated political committees.

Rather, once this designation was made, under the joint fundraising agreement, Speaker Wright could reallocate up to seventy-five percent of proceeds therefrom to the MCC. He ultimately made such a reallocation on January 31, 1989, and the $\$ 46,750$ was reallocated to the MCC.

I hope the foregoing is helpful, and I remain available to answer any further questions you might have.


2 Moreover, the limitations on affiliated committee transfers set forth in 11 C.F.R. S 110.3, are inapplicable. That subsection states that it "shall not limit transfers between --... [p]olitical committees of the funds raised through joint fundraising." See 11 C.F.R. S 110.3(a)(2) \& (a)(2)(i).

BETORE THE FEDERAL ELSCTIOM COMUI8SIOM


#### Abstract

In the Matter of Congressman Wright Appreciation Comaittec and fenry Rerry as treasurer: Majority Congress Comittee and Robert N. Reeves, as treasurer; and Wright Appreciation Fund and $W$. Edwin Youngblood, as treasurer


MUR 3011

## 90 FEB 22 PM 5: 20

## GEAERAL COUASEL'8 REPORT

## I. BACRGROUND

On November 14, 1989, the Commission found reason to believe the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f); the Majority Congress Comittee and Robert $N$. Reeves, as treasurer, violated 2 U.S.C. SS $434(b), 441 a(f)$, and $441 \mathrm{~b}(\mathrm{a})$; and the Wright Appreciation Fund and its treasurer ${ }^{1}$ violated 2 U.S.C. S 441a(f) and 11 C.F.R. S 102.17. At that time the Commission also approved interrogatories and requests for production of documents to the respondents, requesting information from the Respondents concerning the receipt and reallocation of fundraising proceeds. The interrogatories were sent out to the respondents on November 30, 1989.

On December 12, 1989, the respondents requested an extension of time until January 8, 1990, to reply to the Commission's

1. At the time of the reason to believe finding, reports filed with the Commission listed Craig Raupe as treasurer. At the Commission meeting on November 14, 1989, it was noted by Doug Patton that Mr. Raupe has died. The Wright Appreciation Fund's current treasurer is $W$. Edwin Youngblood, and his name has been substituted for Mr. Raupe's as treasurer.
request for interrogatories and production of documents. On January 8th, the respondents informed this Office that they were being represented by counsel. Counsel then requested a second extension of time, until January 19, 1990, in order to review and finalise the Respondents written answers and document production. Then on January 16,1990 , counsel requested a third extension, until January 29, 1990. This office received the responses to the Comission's interrogatories and request for production of documents on January 29, 1990. have met with counsel for the Respondents and reviewed all of the materials.

## II I RECOMRENDATIONS

1. Decline, at this time, to enter into conciliation with Congressman Wright Appreciation Committee and Henry Rerry, as treasurer, prior to a finding of probable cause to believe.
2. Decline, at this time, to enter into conciliation with the Majority Congress Committee and Robert $N$. Reeves, as treasurer, prior to a finding of probable cause to believe.
3. Decline, at this time, to enter into conciliation with the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer, prior to a finding of probable cause to believe.
4. Approve the attached letter.

Lawrence M. Noble General Counsel


BY:


Attachments

1. Request for Conciliation
2. Letter

Staff Assigned: Elizabeth Campbell
$a$

## BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of ..... 1Congressman Nright AppreciationComitter and Henry Kersy astreasurer; Majority CongressComitite and Robert N. Reeves,as treasurer; and NrightAppreciation Fund and W. EdwinYoungblood, as treasurer
Congressman Wright Appreciation Comitte and Henry Kerry as Comittee and Robert N. Reeves. as treasurer; and Wright Youngblood, as treasurer

MUR 3011

## CERTIFICATION

I. Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 27, 1990, the Commission decided by a vote of 5-0 to take the following actions in MUR 3011:

1. Decline, at this time, to enter into conciliation with Congressman wright Appreciation Committee and Henry Kerry, as treasurer, prior to a finding of probable cause to believe.
2. Decline, at this time, to enter into conciliation with the Majority Congress Committee and Robert N. Reeves, as treasurer, prior to a finding of probable cause to believe.
3. Decline, at this time, to enter into conciliation with the wright Appreciation Fund and $W$. Edwin Youngblood, as treasurer prior to a finding of probable cause to believe.

Federal election Comission
Page 2 Certification for MUR 3011 February 27, 1990

> 4. Approve the letter, as recommended in the General counsel's Report dated February 20, 1990 .

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

Attest:

Received in the Secretariat: Thursday, Feb. 22, 1990 5:20 p.m. Circulated to the Commission: Friday, Feb. 23, 1990 12:00 p.m. Deadine for vote: Tuesday, Feb. 27, 1990 4:00 p.m.

FEDERAL ELECTION COMMISSION
washincton d.C. 20463
March 1, 1990

Stanley M. Brand, Esq.
David E. Frulla, Esq.
Erand \& Lowell
923 Fifteenth street, N.W. Washington, D.C. 20005

RE: MUR 3011
Congressman Wright
Appreciation Committee and Henry Rerry, as treasurer; Wright Appreciation Fund and W. Edwin Youngblood, as treasurer; and Majority Congress Committee and Robert N. Reeves, as treasurer

Dear Mr. Brand and Mr. Frulla:
On November 30, 1989, your clients were notified that the Federal Election Commission found reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f); the Majority Congress Committee and Robert $N$. Reeves, as treasurer, violated 2 U.S.C. SS $434(b), 441 a(f)$, and $441 b(a)$; and the Wright Appreciation Fund and its treasurer, W. Edwin Youngblood, violated 2 U.S.C. S $441 \mathrm{a}(\mathrm{f})$ and 11 C.F.R. § 102.17. On February 9, 1990, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has considered your request and determined, because of the need to complete a review of all of the materials, to decline at this time to enter into conciliation prior to a finding of probable cause to believe.

At such time when the investigation in this matter has been completed, the commission will reconsider your request to enter into conciliation prior to a finding of probable cause to believe.

Stanley R. Brand, Xrauire David E. Frulla, Esquire Page 2

If you have any questions, please contact slizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.


N

## REPORTS ANALYSIS REFERRAL

TO
OFFICE OF GENERAL COUNSEL

DATE: $\qquad$
March 7, 1990
ANALYST: LINDA TANGNEY
I. COMMITTEE:

## $\nabla$

III. BACKGROUND: Fund").
II. RELEVANT STATUTE: 2 U.S.C. S434(b)(3)(A) and (B) 11 CFR $5104.3(a)(4)(i)$ and (ii)
11 CFR $5102.17(c)(8)(1)(B)$

Failure to Provide Supporting Schedules
The Congressman Wright Appreciation Comittee ("the Committee") has failed to provide Memorandum Schedules A to support a total of $\$ 232,338.84$ in transfers-in from its joint fundraising committee, the Wright Appreciation Fund ("the

The Committee's 1989 Mid-Year Report disclosed on Line 12 of the Detailed Summary Page a total of \$317,338.84 in transfers from authorized committees (Attachment 2). Schedule A supporting line 12 itemized the following transfers in from the Fund: $\$ 46,338.84$ received on January 31, 1989; $\$ 15,000$ received on March 10, 1989; $\$ 25,000$ received on March 22, 1989; $\$ 98,000$ received on April 24, 1989; and $\$ 48,000$ received on May 18, 1989 for a total of \$232,338.84. The transfers-in were all designated for the primary election (Attachment 3). The 1989 Mid-Year Report did not provide Memorandum Schedules A to support the \$232,338.84 in transfers from the Fund.

On November 22, 1989, a Request for Additional Information ("RFAI") was sent to the Committee. The RFAI requested Memorandum Schedules A to support the transfers-in from the Fund. The RFAI explained that Memorandum Schedules

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CONGRESSMAN WRIG A ECIATION COMMITTEE

A should be provided to show the Committee's share of the gross receipts. The RFAI also explained that contributions from the original contributors whose total contributions to the Committee have exceeded \(\$ 200\) during the calendar year should be itemized on the Memorandum Schedules A. The RFAI also stated that all contributions from political committes should be itemized (Attachment 4). When no response was received, a Second letter was sent to the Comittee on December 14, 1989 (Attachment 5).

On January 19, 1990, a Reports Analysis Division ("RAD") analyst telephoned the treasurer, Henry Kerry. The analyst explained that a response to the November 22, 1989 letter (RFAI) was required. Mr. Kerry explained that although he was the treasurer of record, he was completely inactive with the Committee. Mr. Kerry also explained that the assistant treasurer, Marjorie Youngblood, had retired. Mr. Kerry stated that he would contact Congressman Wright to find out who could respond to the letter. On January 19. 1990, Mr. Kerry telephoned the analyst and explained that an attorney, Stan Brand, of Brand and Lowell, a law firm in Washington, DC, had the Committee's records. Mr. Kerry stated that the analyst should contact Mr. Brand (Attachment 6).

On January 19, 1990, the analyst telephoned Stan Brand. The analyst was told that Stan Brand was unavailable, and the analyst was referred to David Frulla. Mr. Frulla requested a copy of the November 22, 1989 letter (RFAI). The analyst stated that a copy would be sent to the law firm. Mr. Frulla stated that after reviewing the letter, a response would be sent in as soon as possible (Attachment 7).

On January 29, 1990, an amended 1989 Mid-Year Report was filed by the Committee. A cover letter to the amended MidYear Report noted the request for the "Memoranda Schedules A" (Attachment 8). Line 12 of the Detailed Sumary Page disclosed an amended figure of \(\$ 307,338.84\) (Attachment 9). Schedule A supporting Line 12 still disclosed \(\$ 232,338.84\) in transfers-in from the Fund (Attachment 10). The amended MidYear Report did not provide Memorandum Schedules A to support the \(\$ 232,338.84\) in transfers from the Fund.

On February 1, 1990, the analyst telephoned David Frulla to explain that the Memorandum Schedules \(A\) to support the transfers-in from the Fund had not been included in the January 29, 1990 amended Mid-Year Report. Mr. Frulla stated that he had misunderstood the RFAI, and that the schedules would be sent in as soon as possible (Attachment 11).

On February 6, 1990, Marjorie Youngblood, telephoned the analyst to state that she would file the Memorandum Schedules A within one (1) week (Attachment 12).

On February 12, 1990, David Frulla telephoned the analyst to state that he had received some material from Marjorie Youngblood. Mr. Frulla stated that he would need a few weeks to review the material. Mr. Frulla stated that he would like to have a meeting with Commission staff in order to resolve all issues with the Comittee. The analyst stated that the Memorandum Schedules A should be filed as soon as possible, and that Mr. Frulla should not wait a few weeks to file it. Mr. Frulla stated that if it was needed, he could provide the information by the next day (Attachment 13).

On February 16, 1990, Mr. Frulla telephoned the analyst to state that a letter had been delivered to the commission. Mr. Frulla stated that the Memorandum Schedules A would not be provided at this time. Mr. Frulla stated that time was needed in order for him to review the material. Mr. Frulla stated that he would provide the Memorandum Schedules A as soon as his review was complete (Attachment 14).

To date, the Commission has not received the Memorandum Schedules A.
IV. OTHER PENDING MATTERS INITIATED BY RAD:

None .

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All reports have been reviewed except the 1989 Year-End Report.
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\section*{FEDERAL ELECTION COMMISSION}
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Tonry Rercy, Freasurer Coagreseman Wright Appreciation cemittee
P.O. BOR 1413
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gefereace: Mid-Year Report (12/2/39-6/30/39)
Dear Mr. Eersy:
This letter is prompted by the cembesion's preliainary reviev of the reportis) soferenced aseve. The review raised questions concerning certain informelea centaimed in the roport(s). An ftealsation follows
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U.s.C. S441a(a) and (E): 11 CPR s210.2(b))

If the contribution(s) in question as secempletely or incorrectly disclosed, you ohould cond jeur original report with the elarifying laformesea. If the contribution(s) you received excecde the ilsit, you should rofund to the donor the emouat in excess of \(\$ 5,000\) or get the donor to redesigmate che coatribution in vriting. Refunds and redesigmaticas mast be mde within sixty days of the ereacurer's recelpt of the contribution. Copies of refund checks and eopies of letters redesignating the contributione in guestion my be used to respond to this letter. Refuads are reportod on line 20 of the detalled Bumary Page and on Echedule - of the report covering the period in which they are ade. redesignations are reported as mano aterios on schedule \(A\) of the report covering the period in wich the athorisation for the redesignation is received. (11 CFR s104.8(d)(2) and (4))

Although the Comassion may take further legal steps, prompt action by you to rofund or seek redesignation of the excessive anountis) will be taken into consideration.
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 - matier is (202) 376-2430.
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Menry Reiry. Treesurer
Congressman Wright Appreciation
Comaittee
F.O. Box 1413
Fort Worth. 5x 76201

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Identification Nusber: 200012427
Reference: Hid-Year Report (1/1/89-6/30/89)
Dear Mr. Reriy:
This letter 16 to inforn you that as of Decenber 13. 1989. the conaission hes not received your response to our request for edditional informetion, deted November 22. 1989. That notice requested information essential to full public disciosure of your federal election financial ectivity and to ensure compliance with provisions of the Federal Election Campaign Act (the Act). A copy of our original request is enclosed.

If no response is received within fifteen (15) days from the date of this notice, the Conmission may choose to initiate audit or legal enforcement action.

If you should have any questions related to this matter, please contact Linde rangney on our toll-itee nuaber (800) 424-9530 or our local number (202) 376-2480.
sincerely.


Enclosure

\section*{MEMORANDUS FOR FILES: TELECON}

\section*{8UBJECT: MEMORANDUM SHEDULE A}

\section*{PROY: LINDA TANGNEY}
```

TO: HENRY KERRY

```
NAME OF COMMITTEEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE (TX)

DATE: 1/19/90 (817)870-2324

I telephoned Mr. Kerry to request a response to the letter I had sent to the Committee on \(11 / 22 / 89\). Mr. Kerry explained that although he was the treasurer on record, he was completely inactive with the Committee. Mr. Kerry also stated that the assistant treasurer, Marjorie Youngblood, had retired. Mr. Kerry stated that he would contact Congressman Wright to find out who could respond to the letter.

Mr. Kerry telephoned and stated that Stan Brand, an attorney with Brand and Lowell, a law firm in Washington, D.C., had the Cormittee's records and could respond to the letter. Mr. Kerry suggested that I contact Mr. Brand.

\section*{MMORANDUN FOR FILES: TELECON}

\section*{8UBJECT: MEMORANDUM SCHEDULE A}
FROY: LINDA TANGNEY
TO: STAN BRAND
RAME OF COMMITTEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE (TX)
DATE: 1/19/90
(202)662-9700

I telephoned Mr. Brand. I was told he was not available, and was referred to David Frulla. Mr. Frulla requested that I send him a copy of the November 22, 1989 letter. Mr. Frulla stated that after reviewing the letter, a response would be filed as soon as possible.

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Dear Me. Tangney:

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\section*{1989 AMENDED MID-YEAR REPORT}

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1989 AMENDED MID-YEAR REPORT
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MENORANDUN FOR FILES: TELECON
8UBJECT: MEMORANDUM SCHEDULE A
FROM: LINDA TANGNEY
TO: DAVID FRULLA
RAME OF COMMITTEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE ..... (TX)
DATE: 2/1/90
I telephoned Mr. Frulla to explain that the amended Mid-Year report filed on January 29, 1990, did not include a Memorandum Schedule A to support the transfer in from the joint fundraising committee. Mr. Frulla stated that he had misunderstood the letter. Mr. Frulla stated that he would check into it, and file the schedules as soon as possible.
MBMORANDUS FOR FILES: TELECON
8UBJECT: MEMORANDUM SCHEDULE A
FROM: MARJORIE YOUNGBLOOD, ASSISTANT TREASURER
TO: LINDA TANGNEY
NAME OF COMMITTEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE
DATE: 2/6/90
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\(n\)

\section*{MMAORANDUN FOR FILES: TELECON}

\section*{8UBJECT: MEMORANDUM SCHEDULE A}
EROM: DAVID FRULLA
TO:LINDA TANGNEY
NAME OF COMMITTEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE
DATE: \(2 / 12 / 90\)

David Frulla telephoned today to state that he had received the material from Marjorie Youngblood. Mr. Frulla stated that he needed a few weeks to review it, and would like to have a meeting with Commission staff to discuss it. I explained that the Memorandum Schedules should be provided as soon as possible, and not in a few weeks. Mr. Frulla stated that if needed he would provide the information by the next day.
MMMORANDUS FOR FILES: TELECON
8UBJECT: MEMORANDUM SCHEDULES
EROY: DAVID FRULLA
TO: LINDA TANGNEY
HAME OF COMMITTEE: CONGRESSMAN WRIGHT APPRECIATION COMMITTEE
DATE: 2/16/90
Mr. Frulla telephoned to state that a letter had been delivered today to the Commission. Mr. Frulla stated that the Memorandum Schedules A would not be provided at this time. Mr. Frulla stated that time was needed in order for him to review the material. Mr. Frulla stated that he would provide the Memorandum Schedules as soon as his review of it was complete.

\title{
BRAND \& LOWELL \\ a mnorcesiomal conmonation 923 FIFTEENTH STREET, N.W. \\ WASHINGTON, D.C. 20005
}

\title{
90 FEB 16 AH 9 : 11
}

TELEMHONE: (808) 6e8-9700
TELECOPIEA: (208) 737-7806
February 15, 1990

\section*{BY HNTPD DATTYARY}

Ms. Linda Tangney Reports Analyst Federal Election Comission 999 E Street, N.W.
Washington, D.C. 20643
Re: Request for Information from Wright Appreciation committee

Dear Ms. Tangney:
As we have discussed, you have inquired into the manner in which the Wright Appreciation Fund (the "WAF") allocated the proceeds from its 1989 fundraising efforts between the Wright Appreciation Committee (the "WAC") and the Majority Congress Committee (the MMCC"). Specifically, you have requested Memorandum Schedule A's setting forth the allocation of \(\$ 307,338.84\) to the WAC in the first half of calendar year 1989.

Initially, it should be explained that, of this \(\$ 307,338.84\), only \(\$ 186,000\) was transferred pursuant to joint fundraising conducted during 1989. As was explained in the Committees' responses to the Commission's request for written answers and documents in M.U.R. 3011, the amount of \(\$ 46,338.84\) was allocated to the WAC in January of 1989, as a final distribution from WAF joint fundraising for the 1987-1988 election cycle. Additionally, the amount of \(\$ 75,000\) went from the Wright Congressional Club to the WAC, an affiliated committee of the Wright Congressional Club, on March 22, 1989. This leaves \(\$ 186,000\) ( \(\$ 307,338.84\) minus \(\$ 46,338.84\) minus \(\$ 75,000\) ) of joint fundraising proceeds.

Memorandum Schedule A's for this allocation of the joint fundraising proceeds for calendar year 1989 have not been prepared, and the committees recognize that certain corrective actions may be necessary to ensure compliance both with Commission regulations and the Committees' joint fundraising agreement.

It is for this reason that I telephoned both you and Elizabeth Campbell to attempt to arrange an opportunity for us to sit down to discuss this matter. As I have discussed with you,

Ms. Linda Tangney
February 15, 1990
Page 2
this is a meeting we had hoped to arrange in the context of discussions of issues raised in M.U.R. 3011, which involve the same committees, but the 1987-1988 election cycle. By this letter, we reaffirm our desire to meet to discuss both the 19871988 election cycle and 1989 allocations.

Please telephone either me or Stanley Brand so that we can proceed with this matter.


DEF: 1dm
cc: Elizabeth Campbell, Esquire

\title{
Brand \& Lowell \\ a PMOFETMONAL COMDOMATION \\ 923 FIFTEENTH STREET, N.W. \\ WASHINGTON, D.C. 20005
}

March 15, 1990
TELEPHONE: 12021662-9700
TELECOPIEM: (2081737-7565

\section*{BY BIND DRTTYARE}

\author{
Elizabeth Campbell, Esquire Assistant General Counsel Federal Election Commission 999 E Street, N.W. Washington, DC 20463
}

Re: Reports Analysis Division Referral 90-T-9

Dear Ms. Campbell:
As you informed me on Monday, March 12, 1990, the Commission's Reports Analysis Division has referred to your office its investigation of how the 1989 joint fundraising proceeds of the Congressman Wright Appreciation Fund were distributed to its participants: the Congressman Wright Appreciation Committee and the Majority Congress Committee. This referral is denominated Reports Analysis Division Referral 90-L9 ("RAD Ref. 90-L-9").

Further to our discussion, as well as to a request Stanley Brand and I made at the February 28, 1990, settlement conference attended by you, George Rishel, and Phillip Wise, you indicated that we should petition for consolidation of RAD Ref. 90-L-9 (now that the referral has occurred) with Matter Under Review 3011 ("MUR 3011"). MUR 3011 involves distribution of joint fundraising proceeds of the same committees for the 1987-88 election cycle. Thus, as we discussed at that meeting, the same joint fundraising agreement, operative law and regulations, and funds available to conduct any conceivable conciliation are common to RAD Ref. 90-L-9 and MUR 3011.

In addition, although we do not know which of the committees (the Wright Appreciation Committee, the Wright Appreciation Fund, or the Majority Congress Committee) are the subject of RAD Ref. 90-L-9, we are authorized to seek pre-probable cause conciliation of RAD Ref. \(90-\mathrm{L}-9\) on behalf of any or all of these committees

Elizabeth Campbell, Esquire
March 15, 1990
Page 2
and thus respectfully request that conciliation of RAD Ref. 90-L-9 also be merged with conciliation of MUR 3011. We will supplament this submission to address the particular concerns in RAD Ref. 90-L-9, once we are apprised of their exact nature.

Thank you very much for your attention to this matter.


\title{
Brand \& Lowell \\ A ANOFESETOMAL CORPORATION \\ -23 FIFTEENTH STREET, N.W. \\ WASHINGTON, D.C. 20005
}

TELEPHONE: (202) 662-9700 TELECOPIER: (202) 737-7865

April 6, 1990

\section*{ETA MEPBATGAR}

\author{
Elizabeth Campbell, Esquire Staff Attorney \\ Office of General Counsel \\ Federal Election Commission \\ 999 E Street, N.W. \\ Washington, DC 20463
}

Re: Matters Under Review 3000 and 3011

Dear Ms. Campbell:
On February 28, 1990, undersigned counsel for the Congressman Wright Appreciation Committee ("WAC/PCC"), the Congressman Wright Appreciation Fund ("WAF/Fundraiser"), and the Majority Congress Committee ("MCC/PAC") (collectively, the "Committees") met with Messes. George Rishel and Phillip Wise and Ms. Elizabeth Campbell, all of the Commission's Office of General Counsel, to discuss conciliation of Matters Under Review 3000 and 3011. M.U.R. 3000 is pending against the WAC and its treasurer, while M.U.R. 3011 is pending against all three committees and their treasurers.

During the course of this conference, the Commission attorneys raised two questions: first, regarding the proper valuation of the airplane trip at issue in M.U.R. 3000; and, second, regarding the propriety of the WAC/PCC's January 31, 1990, reallocation of \(\$ 46,750\) to the MCC/PAC.

\section*{I. M.U.R. 3000: Valuation of Airplane Travel}

From June 30 through July 2, 1985, then-Majority Leader James C. Wright, Jr, and eight Wright staff and friends conducted an eight Texas city tour by private airplane. As is set forth in more detail in the response of the Congressman Wright Appreciation Committee ("WAC") to the Commission's request for written answers in M.U.R. 3000, the trip's itinerary included: Dallas, Fort Worth, Brownwood, El Peso, Midland, San Antonio, Tyler, and Houston.

The group travelled aboard a 1972 Falcon 20 twin engine jet, owned by Mr. Kenneth Hood. Jet Fleet, an aircraft maintenance and

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operating company, operated Mr. Hood's aircraft when this trip occurred pursuant to a previously existing operating contract. Under this operating agreement, Jet Fleet would bill Mr. Hood for costs incurred in connection with the trips he ordered. Accordingly, Jet Fleet billed Mr. Hood \(\$ 8,050.16\) for the wac Texas tour.

Mr. Hood paid this bill in 1985. In early 1989, upon reviewing its records, the WAC discovered that Mr. Hood apparently had inadvertently not been reimbursed for the trip, whereupon the WAC reimbursed Mr. Hood for the full amount \({ }^{2}\) of the Jet Fleet invoice.

The Commission in M.U.R 3000 found "reason to believe" that, notwithstanding the WAC's inadvertent delay in reimbursing Mr. Hood, the WAC may not have do so in full. The Commission has questioned whether the WAC should have reimbursed Mr. Hood for what Jet Fleet would have charged the WAC to charter the aircraft, independent of Mr. Hood. The Commission calculated this latter price to be approximately \(\$ 14,500\)-- approximately \(\$ 6,500\) higher than the reimbursement that occurred.

Under Commission regulations, an in-kind contribution occurs unless a provider of goods or services is reimbursed for the nusual and normal charge" therefor. 11 C.F.R. S 100.7 (a)(1)(iii). The "'usual and normal charge' for ... services" such as aircraft transportation is the "hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 C.F.R. S \(100.7(\mathrm{a})(1)(\mathrm{iii})(B)\) (Emphasis added).

In making its preliminary decision that the WAC did not fully reimburse Mr. Hood, the Commission may have created an unnecessarily inconsistent system for valuing private air transportation. First,

1 Jet Fleet not only serviced and crewed the plane for Mr. Hood, but ensured that federal aviation regulations were met. Jet Fleet apparently could also charter the aircraft to third parties when Mr. Hood was not using it.

2 Coincidentally, this amount also rather closely approximated the cost for the trip participants to have travelled by first-class airfare.

3 The WAC has addressed reasons for the inadvertent delay in reimbursement in previous submissions to the Commission: the WAC's written request for pre-probable cause conciliation and its responses to the Commission's written questions, both dated January 8, 1990.

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the Comission in its "reason to believe" brief rejected analogizing its only other aircraft service valuation regulation, under which a candidate or his or her agent must reimburse a corporation or labor union for use of its aircraft, as follows:
(i) In the case of travel to a city served by regularly scheduled comercial service, the first class air fare;
(ii) In the case of travel to a city not served by regularly scheduled commercial air service, the usual charter rate.

11 C.F.R.S \(114.9(\mathrm{e})\).
Each of the cities on Speaker Wright's tour is served by regularly scheduled commercial service, hence, under 11 C.F.R. S 114.9(e), the rate that Jet Fleet charged Mr. Hood, which approximates first class airfare, would be adequate. The Comission, however, contends that because Mr. Hood was an individual and not a corporation or a labor union, the WAC should have reimbursed him in an amount greater than \(S 114.9(e)\) would require. The WAC respectfully submits that no legitimate reason exists for the Commission to impose a different -- and higher --rate for reimbursement for individuallyowned aircraft than for corporate/union aircraft. If, as the Commission would have it, a candidate for federal office can use a corporate or union aircraft for a lower price than an individually-owned counterpart, that candidate would choose the corporate/union aircraft. This runs contrary to the FECA, which is designed to delimit sharply corporate/labor union federal political activity. Indeed, 11 C.F.R. S \(114.9(\mathrm{e})\) appears to have been prompted by criticism of the "abuses" arising from unreported corporate and union provision of in-kind services, including aircraft travel and volunteer manpower. See 120 Cong. Rec. H7812-13 (Aug. 7, 1974) (statement of Rep. Crane). It appears the Commission promulgated \(S\) 114.9 to allay Rep. Crane's concerns, which manifested themselves in a floor amendment he offered during the 1974 FECA Amendments debates to address the corporate/union in-kind contribution issue. These amendments were not acted upon, however, because the 1974 Amendments had been submitted to the House under a closed rule. Id. Moreover, in that the focus of Rep. Crane's concern was the in-kind provision of the corporate/union aircraft and manpower, the provision of individually-owned aircraft was apparently simply not considered in \(S\) 114.9. The regulations' failure to include individually-owned aircraft does not, however, suggest that the Commission should treat them more strictly.

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In fact, Section 100.7(a)(1)(iii)(B)'s "commercial reasonableness" standard offers the comission a logical opportunity to establish a consistent private aircraft reimbursement regime. While an agency should not "indulge in fanciful flights of constructional imagination" to achieve consistency, "statutory provisions, wherever possible, should be construed" so as to achieve that goal. Citizens to Save Spencer county \(v\). United Stater Environmental Protection Agency, 600 F.2d 844, 870 (D.C. Cir. 1979) (Emphasis added). And, where arguably different governing provieions "point generally in a common direction," id. at 871 (emphasis in original), they should be "harmoniz[ed], "With an eye to the entire statutory scheme, the legislature's "underlying goals and purposes," and the prevention of "unnecessary hardship or surprise to affected parties." Id.

The primary architects of the federal campaign finance legislation culminating in the 1974 FECA Amendments, have emphasized that one of the FECA's overarching purposes is to establish a consistent and workable set of campaign finance regulations. For instance, Representative Bill Frenzel, co-author of the 1974 compromise creating the Commission, attached the following statement to these amendments' legislative history, decrying inconsistent state and federal campaign finance regulations:
[Pre-emption of] State law... is a welcome change which will ensure that the election laws are consistent and uniform and that candidates for Federal office do not bear the burden of complying with several different sets of laws and regulations.
H.R. Rep. No. 1239, 93rd Cong., 2d Sess. 155 (1974) (supplemental statement of Rep. Frenzel).

Rep. Wayne Hays, Chairman of the House Committee on Administration which spearheaded the 1974 Amendments, agreed. During the floor debates on these amendments, Rep. Hays emphasized that:
[I]f there was any one thing that nearly every Member of this body has asked us to do, that was to preempt State laws so that all candidates would know where they stood, and live under one set of regulations and have one set of laws to go by.

120 Cong. Rec. H7895 (daily ed. Aug. 8, 1974) (statement of Rep. Hays) (emphasis added). Here, however, the Commission purposes to do just the opposite by imposing a scheme which differentiates

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corporate/labor aircraft valuation from individually owned aircraft valuation.

Furthermore, the Commission's initial decision on Mr. Hood's reimbursement directly conflicts with House of Representatives reimbursement rules, adversely affecting a large comunity of candidates governed by the regulations. House Members must reimburse the donor of any "gift", including gifts of transportation, furnished by any person not a relative aggregating more than "minimal value". See Ethics Reform Act of 1989, Pub.L. No. 101-194, 103 stat. 1716, 1771-72, amending House Rule XLIII, Cl.4.

The House Committee on Standards of Official Conduct confirmed that aircraft travel qualified as a "gift" under House Rule XLIII. See Investigation of Travel on Corporate Aircraft Taken By Representative Dan Daniel, H.R. Rep. No. 470, 99th Cong., 2d Sess. 11 (1988) [hereinafter "Daniel Report"].

The House Committee on Standards next addressed how to value these flights. As does 11 C.F.R. S \(114.9(e)\), the House Committee on Standards valued private aircraft travel at the "commercial air fare" for trips along "an established, scheduled route." Daniel Report at 12. For other trips, the Committee employed the "cost to procure such flights by commercial charter using an aircraft of the type on which ... [the Member] flew." Id.

The House Committee on Standards adopted this set of standards because it was "[c]onsistent with a policy first expressed by the Select Committee on Ethics for the 95th Congress," which had previously examined and proposed guidelines for new House rules, including House Rule XLIII. See Daniel Report at 11-12, citing, Final Report of the Select Committee on Ethics for the 95 th Congress, H.R. Rep. 1837, 95th Cong., 1st. Sess. (1979), 8 [hereinafter, "Select Committee Final Report"].

The Select Committee Final Report had recommended that a gift be valued according to the following standard:

In determining the value of a gift where exact dollar figures are not reasonably ascertainable, the individual
may make an estimate, or he may rely on the valuation provided by the donor. With respect to gifts of transportation on private aircraft, the value is equal to the commercial airfare for the same flight.

Select Committee Report at 8, quoted in, Daniel Report at 12 (emphasis added).

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Thus, the House Committee on Standards valued flights taken by Rep. Daniel according on the commercial airfare standard for Rep. Daniel's flights along an "established" commercial air carrier route. Daniel Report at 12. For flights not along an established route, however, the House Committee on Standards employed the "charter rate." Id. Significantly, the House Committee on Standards determined the "charter rate" to be the "hourly rate charged by pace to Beech." Id. at 12 n. 11 (emphasis added). This valuation accords with the Select Committee's determination, quoted above, that an individual may value a gift based on its cost to the donor.

Like Mr. Hood herein, Beech Aircraft owned the airplane on which Rep. Daniel travelled. And, like Jet Fleet in this case, Page Airways operated Beech's aircraft. The House Committee on Standards found the "charter rate" to be the rate Page charged Beech, its customer, and not the rate Page would have charged Rep. Daniel, independent of Beech. This is the rate at which the WAC reimbursed Mr. Hood.

Once it concluded the Daniel investigation, the House Committee on Standards issued an advisory letter establishing aircraft reimbursement rates. Under House Rules, a Member is thus to employ: 1) the first class rate for routes with regularly scheduled firstclass service; 2) the coach rate for routes with regularly scheduled service, but only coach fare; or 3) the charter rate for cities not having regularly scheduled flights. The House committee did not disturb its Daniel Report finding that the "charter rate" is the rate the plane's operator charged its owner.

Thus, the Commission should not unnecessarily disrupt an essentially consistent (compare 11 C.F.R. S \(114.9(e)\) and House of Representatives determinations) aircraft valuation regime by valuing the WAC flights as it has proposed. Currently, because the cities on the Wright tour were serviced by regularly scheduled flights, the commercial first-class rate is an appropriate valuation under both S \(114.9(\mathrm{e})\) and House standards.

Even if, however, as Commission counsel apparently contend, travel for the Wright tour should not be valued at the first-class rate because Mr. Hood's aircraft was available "on demand," the House Committee on Standards' valuation of the charter rate as the rate the aircraft operator charges the owner, should apply. This valuation methodology preserves the consistency which the Court of Appeals for the District of Columbia admonished agencies to maintain "whenever possible." Citizens to Save Spencer County, 600 F.2d at 870.

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Moreover, Congress' "goals and purposes" in enacting a system of campaign finance regulation, see id. at 871, was not to subject members to characterization exercises, depending on the aircraft's supplier and the forum (the House or the Commission) whose reimbursement rules apply; indeed, Reps. Hays and Frenzel (the primary House architects of the 1974 FECA Amendments) emphasized just the opposite.

Finally, the Commission's ruling would result in unnecessary hardship and surprise to the WAC. See id. The Texas tour occurred almost five years ago, when the wAC was vibrant and operating. In the meantime, its activities have wound up, and it would be oppressive to require it to reimburse Mr. Hood for another \(\$ 6,500\). Simply put, the merits notwithstanding, this is the wrong case for the Commission to chart this course.

The Commission would also seek to convert Mr. Hood into, in effect, a for-profit aircraft transportation provider. Nothing in the record indicates that this was Mr. Hood's intent when he agreed to loan his aircraft to the WAC. Further, this decision could have collateral effects, as well, such as unintended tax consequences for Mr. Hood (even if the WAC has no funds left to reimburse him further) and may conceivably subject Mr . Hood to federal and state regulation of commercial aircraft providers.

\section*{II. MUR 3011: Reallocation of Joint Fundraising Proceeds}

The Commission has also requested the WAC, the WAF/Fundraiser, and the MCC/PAC to explain the basis on which the WAC reallocated \(\$ 46,750\) to the MCC on January 31, 1989.5 The Commission contends that, because the WAC and the MCC/PAC are not deemed to be affiliated committees, this reallocation was improper.

Under Commission regulations, 11 C.F.R. S 102.17 (c)(1)-(8) and the joint fundraising agreement between the joint fundraising

4 As it now stands, circumstances will arise where a Member must reimburse aircraft travel at one rate under House rules and at a different rate under the Commission's interpretations.

5 What apparently piqued the commission's interest is that the MCC had previously in January reallocated \(\$ 43,750\) to the WAC via the WAF/Fundraiser, as a part of the final distribution of joint fundraising funds for the 1987-88 election cycle.

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participants (see 11 C.F.R. S \(102.17(c)(1)\) ), govern the allocation of joint fundraising proceeds.

Nothing in \(S 102.17\) (c) expressly prohibits the January 31 reallocation. Because joint fundraiser expenses had already been finally allocated and a final distribution of funds made before January 31, the limits in 11 C.F.R. S 102.17 (c)(6), governing allocation of "gross proceeds," do not apply. Nor does 11 C.F.R. S 102.17(c)(7)(i)(B) apply; this subsection subjects a non-affiliated committee's payment of another committee's "expenses" to 11 C.F.R. Part 110. This was not the January 31 reallocation's purpose.

Because nothing in S 102.17 prohibits the January 31 reallocation, it is proper because it comports with the MCC/WAC joint fundraising agreement. Under this agreement, Rep. Wright could determine, pursuant to 2 U.S.C. S 439a, that the WAC/PCC had excess campaign funds and then reallocate up to \(75 \%\) of the net proceeds of the joint fundraiser to the MCC/PAC. This made sense; the joint fundraising agreement was drafted with this flexible allocation formula in mind because, as a senior Member, Rep. Wright often faced only a minor re-election challenge, so he might not have required all \(75 \%\) of the WAF/Fundraiser's joint fundraising proceeds in each reelection effort.

Under S 439a, a candidate or federal officeholder's "excess campaign funds" may:
[D]efray ordinary and necessary expenses incurred in connection with his or her duties as a holder of Federal office, may be contributed to any organization described in section 170 (c) of title 26, or may be used for any other lawful purpose, including without limitation transfers without limitation to any national, State, or local committee of any political party ....

2 U.S.C. 439a. (Emphasis added.) Nothing in 2 U.S.C. S 439 a prohibits a Member from transferring excess campaign funds to his or her leadership committee; indeed, this is a salutary use for these funds. Moreover, no U.S. Code provision or Commission regulation specifically subjects 2 U.S.C. S 439 a to 2 U.S.C. S 441a's contribution limits.

In fact, despite the lack of express \(\$ 439\) a authorization, the Commission has allowed a retiring Member to transfer her excess campaign funds to a multi-candidate political committee she proposed to establish. See A.O. 1985-30, Fed. Elec. Camp. Fin. Guide (CCH) I 5826 (Oct. 24, 1985). Such a transfer from the personal campaign

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committee to the newly-minted multi-candidate committee is just as much a "contribution" (if at all) as that which the WAC/PCC made to the MCC/PAC. There appears to be no statutory authority for allowing the commission to permit only certain political committees to receive excess campaign funds and not others.

During the February 28 meeting, Commission legal staff opined that "any other lawful purpose" under \(\$ 439\) a does not provide the WAC authority to reallocate excess campaign funds to the MCC/PAC. The staff informed counsel for the committee that the colloquy between Reps. Frenzel and Steiger during floor debates on the 1974 FECA Amendments confirms that the reallocation at issue was improper.

The Committees must respectfully disagree. \({ }^{6}\) During this colloquy, Rep. Steiger asked Rep. Frenzel to clarify whether the term "any other lawful purpose" would permit a Member to utilize excess campaign funds for such purposes as entertaining constituents in the House restaurant, maintaining an office supply of hospitality food and beverages, retaining additional staff such as a personal page, or purchasing a lifetime membership in the National Democratic club or the Capitol Hill Club. 120 Cong. Rec. H10335 (Oct. 10, 1974) (statement of Rep. Steiger).

Rep. Frenzel informed Rep. Steiger that "some" of his examples would qualify under \(\$ 439 a\), while others might not. Without being more specific, he advised Rep. Steiger that, "The reason we put 'lawful purposes' in there is because there is some existing law, and some IRS regulations which does (sic) allow some expenses." Id. (statement of Rep. Frenzel).

Significantly, rather than attempting to specify every such "lawful purpose," Rep. Frenzel continued the colloquy by describing

6 Counsel for the Commission also asserted that the Commission's Advisory Opinion, A.O. 1978-112, concerning the establishment of Rep. Waxman's leadership PAC controls the reallocation at issue herein. A.0. 1978-12 does not involve either \(\$ 439\) a or allocations by Rep. Waxman's PCC to his leadership PAC. See A.O. 1978-12, Fed. Elec. Camp. Fin. Guide, (CCH), I 5306 (Apr. 7, 1978).

7 Actually, Rep. Steiger's remarks were directed more to what could legitimately be considered as "ordinary and necessary expenses incurred in connection with his or her duties as a holder of Federal office," see 2 U.S.C. S 439a, than to the term "any other lawful purpose."

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that term broadly: he stated, "Typical [of any other lawful purpose] would be a contribution back to a political party, or a contribution to another candidate, or a contribution to charity." Id. (mphasis added.) Nowhere, however, did Rep. Frenzel limit the scope of that term to these three examples, as the Commission now contends.

Soon thereafter, Rep. Hays joined the colloquy. He listed certain Capitol and district office expenses and charitable donations that "any other lawful purpose" would include. Id. (statement of Rep. Hays). As did Rep. Frenzel, Rep. Hays made clear, however, that his list was not to be construed as exhaustive. Rep. Hays characterized the above-listed items as, "Those are the kinds of things that we had in mind, things that Members in general do ...." Id. (Emphasis added.)

Two years later, Senate debates on the next round of the FECA Amendments again show that "any other lawful purposen is to be evaluated flexibly over time and not just against a list set out by Rep. Frenzel in 1974. To backtrack briefly, in 1974, the Senate unsuccessfully sought to expressly prohibit a Member's converting excess campaign funds to personal use. Two years later, Sen. Clark again sought to offer an amendment on the Senate floor during debates on the 1976 FECA amendments to codify this prohibition.

Specifically, Sen. Clark proposed to strike the term "any other lawful purpose" from \(\$ 439\) a and to add the term "may be contributed to (sic) [by] him to the National committee or state committee of a political party, or returned by him to his contributors on a pro rata basis, or contributed by him to another candidate." 122 Cong. Rec. S3065 (Mar. 23, 1976) (statement of Sen. Clark). By enumerating these specific examples of "lawful" uses of excess campaign funds, and deleting the "any other" language, Sen. Clark proposed to exclude not only conversion of these funds to personal use, but any other non-enumerated use thereof. Id.

Sen. Packwood rose to oppose Sen. Clark's amendment on two grounds. First, he argued that the uses of excess campaign funds Sen. Clark had enumerated were already lawful, so the amendment was surplusage. Id. (statement of Sen. Packwood).

Sen. Clark rejoined that he favored deleting the term "any other lawful purpose" because he was "not aware" of any other lawful purpose for excess campaign funds, except for those already included in \(\$ 439 \mathrm{a}\) and those listed in his amendment. Id. (statement of Sen. Clark).

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Sen. Packwood persisted in opposition on the first ground and then articulated his second concern, most pertinent to this case. Specifically, he cautioned Sen. Clark:

> When we legislate on the floor, things come up that we do not think about, and I would not rant to trap a morber, unconsciously trap a member of the Fouse or of the Senate, who is now spending it for a lawful conversion and which that amendment might strike out.

Id. (statement of Sen. Packwood) (Emphasis added.) Sen. Packwood then offered to draft an amendment prohibiting conversion of excess campaign funds to personal use (a goal with which Sen. Packwood agreed), while retaining the desirable flexibility provided by "any other lawful purpose." Id. With this assurance, Sen. Clark dropped his amendment.

Senator Packwood was prescient. Leadership PACs such as the MCC were not pervasive in 1976; nor did retiring Members convert their personal campaign committees to multi-candidate committees. See A.O. 1985-30. As Sen. Packwood made clear, however, S 439a should be interpreted flexibly to permit Members to employ their excess campaign funds in such worthy endeavors, limited only by express prohibitions to the contrary.

In A.O. 1985-30, the Commission itself recognized flexibility's desirability. As discussed above, under the rigid analysis, the Commission is poised to apply against the Responding Committees herein, however, the A.O. 1985-30 reallocation would be an excess contribution by the Member's personal campaign committee to her new, multi-candidate political committee -- a similarly worthy endeavor. \({ }^{9}\) As with the valuation of the airplane flight, the Commission is dutybound to act consistently and even-handedly.

Thus, the Commission should not read extraneous limitations into 2 U.S.C. S 439a, but should construe "any other lawful purpose" in the flexible manner advocated by Sen. Packwood and the Commission itself in A.O. 1985-30. Absent express statutory language to the

8 It was not until 1979 that a limited grandfathered measure prohibiting conversion of campaign funds to personal use passed both Houses.

9 It should not be forgotten that both speaker Wright and Rep. Holt, both incumbents in 1979, could simply have held these excess campaign funds and converted them to personal use.

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contrary, the Commission should not read that term out of existence, especially where a Member employs such funds for the worthy goal of assisting his colleagues via a leadership PAC.

At the very least, the Committees submit, even if the Comission persists in its determination that an excess contribution occurred, the Commission should recognize that conflicting signals exist regarding the scope of "any other lawful purpose." This fact alone militates strongly in favor of an equitable conciliation, \({ }^{10}\) keeping in mind that the Committees have wound up their affairs but for these Matters Under Review.

\section*{III. Conclusion}

For the foregoing reasons, the WAC/PCC respectfully submits that it fully reimbursed Mr. Kenneth Hood for the use of his airplane. Additionally, the Commission should find that the transfer of \(\$ 46,750\) at issue in M.U.R. 3011 was a proper reallocation of excess campaign funds under the joint fundraising agreement and 2 U.S.C. S 439a.

If you have any further questions before proceeding with conciliation on M.U.R. 3000 and M.U.R. 3011, please contact either me or David Frulla of my office.


SMB: 1dm

10 The Committees are also constrained to note that they sought and received approval from their then counsel before making the reallocating at issue -- another factor that should weigh heavily in conciliation.

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April 24, 1990

BY
\(11 \times 1 D\)
DRTMEAT
Ms. Linda Tangney
Reports Analyst
Federal Election Comiseion 999 E Street, N.W.
Washington, DC 20643
Re: Request for Information from Wright Appreciation Committee

Dear Ms. Tangney:
As we discussed yesterday by telephone, the Wright Appreciation Comittee has forwarded to us a letter from you to the Appreciation Comittee dated March 20, 1990, and a follow-up letter from Mr. John Gibson of your office dated April 12, 1990. In these letters, your office requests Memoranda Schedules A for transfers from the Congressman Wright Appreciation Fund to the Congressman Wright Appreciation Committee in the amounts of \(\$ 500.00\) and \(\$ 3,000.00\). These transfers occurred on October 20, 1989 and October 25 , 1989, respectively.

I refer you to the February 16, 1990 letter which we transmitted to you on the Wright Appreciation Committee's behalf. In that letter, we informed you that Memoranda Schedules A had not yet been prepared for 1989 transfers of funds from the Wright Appreciation Fund to the Wright Appreciation Committee. We have been informed by Elizabeth Campbell of the General Counsel's office that the Reports Analysis Division has referred the transfers at issue in the February 16, 1990, letter to the General Counsel's office. That matter is denominated RAD Ref. 90-L-9. Further, and as the February 16 letter stated, the Appreciation Committee recognizes that certain corrective actions may be necessary to ensure compliance with Commission regulations and the joint fundraising agreement.

The Wright Appreciation Committee, along with the Wright Appreciation Fund and the Majority Congress Committee, have, through counsel, indicated their willingness to take such corrective action, but believe it is in everyone's interest to do so in the context of a comprehensive solution to questions the Commission has raised in MUR 3011 and in RAD Ref. 90-L-9. MUR

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Ms. Linda Tangney
April 24, 1990
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3011 and RAD Ref. 90-L-9 concern the disposition of joint fundraising proceeds of the 1987-88 and 1989 election cycles, respectively.

Pursuant to Elizabeth Campbell's suggestion, we have petitioned for MUR 3011 and RAD Ref. \(90-L-9\) to be consolidated. Your most current inquiry regarding the October 1989 transfers appears to be an extension of your concerns in RAD Ref. 90-L-9 regarding the disposition of 1989 joint fundraising proceeds. For this reason, the Wright Appreciation Committee respectfully requests that it resolve these supplemental questions in the context of the consolidated MUR 3011 proceeding.

Please contact either me or Stanley Brand if you have any questions about this letter or require any further information.


DEF: ldm
cc: Elizabeth Campbell, Esquire

\section*{90. IL 19 ARTE: 38}

PEDERAL ELECTION COMMISSION
999 E Street. N.W.

\section*{SEMSITINE}

Washington, D.C. 20463
GEEEERAL COUNSEL'S REPORT
MUR 3011
RAD Referral 90L-9
STAFF MEMBER: Elizabeth Campbell
SOURCE: INTERNALEYGENERATED

RESPONDENTS:

RELEVANT STATUTES:

INTERNAL REPORTS CHECKED: Disclosure reports
FEDERAL AGENCIES CHECKED: NOne

Congressman Wright Appreciation Committee and Henry Kerry, as treasurer

Majority Congress Committee and Robert N. Reeves, as treasurer

Wright Appreciation Fund and W. Edwin Youngblood, as treasurer
\begin{tabular}{|c|c|c|}
\hline 2 & U.S.C. S & 434(b) \\
\hline 2 & U.S.C. S & 439 a \\
\hline 2 & U.S.C. S & 441 a (a) \\
\hline 2 & U.S.C. S & 441 a (f) \\
\hline 2 & U.S.C.S & 441 b \\
\hline 11 & C.F.R. & S 100.5 \\
\hline 11 & C & 5102.5 \\
\hline 11 & C.F.R. & S 102.17 \\
\hline 11 & C.F.R. & \(5103.3(b)\) \\
\hline 11 & C.F.R. & \(5110.1(b)\) \\
\hline 11 & C.F.R & \$ 110.31a \\
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2 U.S.C. S \(434(b)\)
2 U.S.C. S 439a
S 441a(a) 2 U.S.C.S 441 b 11 C.F.R.S 100.5 11 C.F.R. S 102.5 11 C.F.R.S 102.17 11 CFR S 110 (b) 11 C.F.R. \(\$ 110.3(\mathrm{a})\)

\section*{I. GENERATION OF MATTER}

On November 14, 1989, the Commission found reason to believe that the Congressman Wright Appreciation Committee ("WAC" or "PCC") and Henry Kerry, as treasurer, violated 2 U.S.C. SS 441a(a) and 441a(f); the Majority Congress Committee ("MCC" or "PAC") and Robert N. Reeves, as treasurer, violated 2 U.S.C.

S§ \(434(b), 441 a(f)\) and \(441 b(a)\); and the Wright Appreciation Fund
("WAF" or "Fundraiser") and its treasurer", violated 2 U.S.C. S 441a(f) and 11 C.F.R. S 102.17.

On February 9, 1990, the Respondents made a request to enter into preprobable cause conciliation. At approximately the same time, counsel for the Respondents requested a meeting with staff from this office to discuss the issues in this matter. This Office recommended that the Commission decline to enter into preprobable cause conciliation until after staff had met with counsel and reviewed all of the materials. On February 27, 1990, the Commission declined to enter into preprobable cause conciliation with the Respondents. Staff from this office met with counsel for the Respondents on February 28, 1990.

One of the issues discussed at the February 28, 1990 meeting was a Request for Additional Information ("RFAI") the Congressman Wright Appreciation Committee had received from the Reports Analysis Division ("RAD"). Counsel thought that the issue in the RFAI might eventually lead to an additional enforcement matter, and requested that any new enforcement matter arising from the RFAI be merged with MUR 3011.

As counsel foresaw, RAD Referral 90L-9 was referred to the Office of the General Counsel by the RAD on March 7, 1990. On March 15, 1990, counsel for the Respondents formally requested
1. At the time of the reason to believe finding, reports filed with the Commission listed Craig Raupe as treasurer of the Wright Appreciation Fund. At the Commission meeting on November 14, 1989, it was noted by Doug Patton that Mr. Raupe has died. The Wright Appreciation Fund's current treasurer is W. Edwin Youngblood, and his name has been substituted for Mr. Raupe's as treasurer.
that RAD Referral 90L-9 be merged with MUR 3011, and renewed their request for preprobable cause conciliation.

\section*{II. FACTUAL AND LEGAL AMALYSIS}

\section*{1. RAD Referral 90L-9}

In the 1989 Mid-Year report, the Congressman Wright Appreciation Committee ("wAC" or "PCC") disclosed transfers-in of joint fundraising proceeds from the Wright Appreciation Fund, totaling \(\$ 232,338.84\), without supporting Memorandum Schedules A.

In addition, on April 27, 1990, counsel for the WAC contacted this Office concerning an RFAI from RAD dated March 20, 1990. See Attachment 3. The RFAI concerned two transfers-in of joint fundraising proceeds from the WAF totaling \(\$ 3,500.00\). In the 1989 Year-End report, the WAC reported a transfer-in of \(\$ 500.00\) on October 20, 1989, and a transfer-in of \(\$ 3,000.00\) on October 25, 1989. Counsel for the Respondents has requested that the questions arising from the October 20, 1989 RFAI be included in the Commission's consideration of RAD Referral 90L-9 since the RFAI involves an extension of the issues in RAD Referral 90L-9.

Commission regulations governing joint fundraisers are set forth at 11 C.F.R. S 102.17. Each participating political committee in a joint fundraiser must report its share of net proceeds as a transfer-in from the fundraising representative. 11 C.F.R. \((102.17(c)(8)(i)(B)\). A participating committee must file Memorandum Schedules A to support each transferin, itemizing its share of joint fundraising proceeds as contributions from the original contributors. Id. The Memorandum Schedules \(A\) must identify any person who made a
contribution aggregating in excess of \(\$ 200.00\) per calendar year. along with the date and amount of such contribution. 2 U.S.C. S \(434(b)(3)(A)\). All contributions from political comittees must be reported, together with the date and amount of any such contribution. 2 U.S.C. S \(434(b)(3)(B)\).

Therefore, this office recommends that the Comission open an enforcement matter and find reason to believe that the WAC violated 2 U.S.C. S \(434(b)\) and 11 C.F.R.S \(102.17(c)(3)(i)(B)\) for failing to file Memorandum Schedules \(A\) to support \(\$ 235,838.84^{2}\) in joint fundraising proceeds from the WAF. This Office also recommends that the Commission merge this matter with MUR 3011.

\section*{2. MUR 3011}

The WAC is the principal campaign committee for former U.S. Representative James C. Wright, Jr.. The MCC is an unauthorized political committee. The WAF registered with the Commission on September 15, 1987, as a joint fundraising committee, with the WAC and the MCC as participating committees pursuant to 11 C.F.R. S 102.17. The WAF is also an authorized committee of the WAC, pursuant to 11 C.F.R. S \(102.17(\mathrm{a})\). The MCC is not an authorized committee of the WAC.

The Reports Analysis Division ("RAD") referred the WAC and the MCC to the Office of the General Counsel after discovering excessive and impermissible contributions were transferred to the

\footnotetext{
2. The WAC failed to provide Memorandum Schedules A for \(\$ 232,338.84\) in joint fundraising proceeds received during the 1989 Mid-Year reporting period and \(\$ 3,500.00\) in joint fundraising proceeds received during the 1989 Year-End reporting period.
}
two committees by their joint fundraising committee, the War. After a review of the referral materials, this office recomended adding the WAF as a respondent.
A. The Law

The Federal Election Campaign Act of 1971, as amended ("the Act"), limits the amount that an individual or a political committee other than a qualified multicandidate committee can contribute to a candidate or an authorized political committee, with respect to any election for federal office, to an aggregate amount of \(\$ 1,000.00\). 2 U.S.C. S \(441 \mathrm{a}(\mathrm{a})(1)\). A multicandidate political committee may make contributions with respect to any election for federal office, to an aggregate amount of \(\$ 5,000.00\). 2 U.S.C. S 441a(a)(2). Contributions to any other political committee, by either an individual or a political committee, shall not exceed \(\$ 5,000.00\) per calendar year. 2 U.S.C. S 441a(a)(1)(C). The Act prohibits a candidate or political committee from knowingly accepting any contribution or making any expenditure in violation of the provisions of Section 441a.

The Act prohibits contributions from corporations and labor unions in federal elections. 2 U.S.C. s 441 b .

Commission regulations provide that an organization which qualifies as a political committee must file a statement of Organization and register as a political committee. 11 C.F.R. s 102.1(d). Any committee, club, association, or other group of persons which receives contributions aggregating in excess of \(\$ 1,000.00\) or makes expenditures aggregating in excess of
\(\$ 1,000.00\) during a calendar year qualifies as a political comittee. 11 C.F.R. S \(102.5(b)\). Organizations that are not political comittees must either establish a separate account for federal activity which includes only funds subject to the prohibitions and limitations of the Act, or demonstrate through a reasonable accounting method that contributions made to federal committees did not include any funds prohibited under the Act. 11 C.F.R.S \(102.5(b)\).

The treasurer of a political committee has the responsibility for examining all contributions received for evidence of illegality and for ascertaining whether contributions received, when aggregated with other contributions from the same contributor, exceed the Act's contributions limits. 11 C.F.R. s 103.3(b). If there are excessive contributions, the treasurer has sixty days from the date of receipt to obtain a reattribution or redesignation of the contribution to cure the illegality.

11 C.F.R. S \(110.1(\mathrm{~b})\). Excessive or impermissible contributions not reattributed or redesignated must be refunded to the contributor within sixty days. 11 C.F.R. S 103.3(b).

A political committee is required to report all
contributions and itemize those which, in the aggregate, exceed \(\$ 200\) in a calendar year, together with the date and amount of any such receipts. 2 U.S.C. S \(434(b)\). All contributions from political committees must be reported, together with the date and amount of any such contribution. 2 U.S.C. S \(434(b)(3)(B)\).

The Commission's regulations set forth the requirements for joint fundraising at 11 C.F.R. S 102.17. Participants in a joint
fundraising effort must establish a comittee to act as a fundraising representative. 11 C.F.R. S 102.17(a). The fundraising representative must be a reporting political comittee and an authorized committee of each federal candidate participating in the joint fundraiser. 11 C.F.R. S 102.17(a). All joint fundraisers are required to follow the procedures laid out in 11 C.F.R. S \(102.17(c)\). Included in these provisions are a written fundraising agreement, setting out the formula for allocating fundraising proceeds. 11 C.F.R. S 102.17(c)(1). Both the fundraising representative and the participating committees have a duty to screen the contributions received to ensure that they are neither prohibited under the Act nor in excess of the contribution limitations. 11 C.F.R.S 102.17(c)(4). The regulations further provide that political committees participating in the joint fundraising effort must make their contributor records available to the fundraising representative to enable the fundraising representative to carry out its duty to screen contributions. 11 C.F.R. S \(102.17(c)(4)\).

The fundraising representative shall allocate fundraising proceeds according to the formula stated in the fundraising agreement. 11 C.F.R. \(§ 102.17(c)(6)(i)\). However, if distribution under the formula results in a violation of the contribution limits of the Act, the fundraising representative may reallocate the excess funds to another participating committee. 11 C.F.R. S \(102.17(\mathrm{c})(6)(\mathrm{i})\).

The fundraising representative must report contributions in the reporting period in which they are received. 11 C.F.R.

S 102.17(c). After distribution of net proceeds, each participating political committee shall report its share of net proceeds received as a transfer-in from the fundraising representative. 11 C.F.R. S \(102.17(c)(8)(i)(B)\). Participating political comittees shall report joint fundraising proceeds when such funds are received from the fundraising representative. 11 C.F.R. S 102.17(c). In addition, participating political committees must file Memorandum Schedules A itemizing the funds from each transfer-in as contribution from original contributors. 2 U.S.C. S \(102.17(c)(8)(i)(B)\). For contribution reporting and limitation purposes, the date of receipt of a contribution by a participating political committee is the date that the contribution is received by the fundraising representative. 11 C.F.R. S \(102.17(\mathrm{c})(3)(\mathrm{iii})\).
B. Congressman Wright Appreciation Comittee ("WAC" or "PCC") The WAC received a transfer-in of joint fundraising proceeds from the WAF on October 7, 1988. The committee filed Memorandum Schedules A to support this transfer-in on November 11, 1988. Included in this transfer-in were excessive contributions from three (3) non-multicandidate committees. The three committees each made primary election contributions of \(\$ 1,250\) and general election contributions of \(\$ 3,750\), resulting in excessives of \(\$ 250\) per committee in the primary and \(\$ 2,750\) per committee in the general election, for a total of \(\$ 9,000.00\) in excessive contributions from all three committees. The WAC did not refund the excessive contributions until March 22,1989 , more than sixty
days after receipt by the WAC. Therefore, the WAC accepted \(\$ 9,000.00\) in excessive contributions, in violation of 2 U.s.C. S 441a(E).

The WAC reported that it received all of the contributions at issue in this matter in the October 7, 1988 transfer-in from the WAF. However, the WAC's supporting Memorandum Schedules A indicated that three committees made the excessive primary election contributions on January 22, 1988, and the excessive general election contributions on October 13, 1988 -- six days after the transfer-in date.

The interrogatories sent to the wAC asked for clarification of this discrepancy. The WAC's answer was contradictory on this point, however. In their response to question 3 , the WAC states that "the transfer-in which included these allegedly 'excess' contributions did not occur until January 31, 1989." \({ }^{3}\) However, a review of all of the information provided by the Respondents leads to the conclusion that the WAC received the \(\$ 9,000\) in excessives before January 31, 1989. To illustrate, in the response to question 2 , there is a table of excessive contributions with 10-13-88 as the contribution date. A footnote to the heading "contribution date" explains that the contribution date is the date of deposit of the contribution checks, which means that the WAC did receive the contribution before January 31. 1989. Additionally, the responses to the interrogatories to

\footnotetext{
3. This is significant because if in fact the WAC did not receive the excessive contributions until January 31, 1989, they were refunded within 60 days.
}
the MCC and the WAF indicate that at least \(\$ 43,750\) of the \$46,338.84 transferred from the WAF to the WAC on January 31, 1989 was a reallocation of funds from the MCC to the WAC. Therefore, the January 31, 1989 transfer was not large enough to contain the excessive contributions from the 3 non-multicandidate committees.

\section*{C. Majority Congress Comittee ("MCC" or "PAC") \\ On March 30, 1988, the MCC received a \(\$ 400,000\) transfer-in} of joint fundraising proceeds from the WAF which included \(\mathbf{\$ 4 5 , 7 5 0}\) in excessive contributions from twenty political committees and one individual, and impermissible funds, totaling \(\mathbf{\$ 2 , 2 5 0}\), from two unregistered organizations. \({ }^{4}\) All of the excessive and impermissible contributions were received by the WAF between September 22, 1987 and December 17, 1987.

Neither of the unregistered organizations has a separate account for federal activity. One of the organizations, the Committee for a Better Boston, is located in Massachusetts where corporate contributions are prohibited but unlimited union contributions are permitted under state law. A second, the Gadsden County Democratic Executive Committee, is located in Florida, where limited corporate and union contributions are permitted. See 2 U.S.C. § 441 b and 11 C.F.R. S \(102.5(b)\).

The MCC timely reported the \(\$ 400,000\) transfer-in in the 1988

\footnotetext{
4. The MCC received two additional contributions from unregistered organizations from Texas. However, Texas law prohibits corporate and labor union contributions.
}

April monthly report, but failed to include supporting Memorandum Schedules A. The MCC did not amend the April monthly report to include Memorandum schedules A until July 5, 1988. see 11 C.f.R. S \(102.17(c)(8)(i)(B)\) and 2 U.S.C. S \(434(b)\).

Then, although the MCC had already received the excessive and apparent impermissible funds from the WAF, it was the WAF who, on August 31, 1988, refunded the contributions from the unregistered organizations. 5 The MCC did not transfer the funds it had received from these unregistered organizations to the WAF before the Fundraiser made the refunds. Then, on September 9 , 1988, the MCC submitted an amended Schedule A, which indicated that the WAF had reallocated \(\$ 43,750\) in excessive contributions from the MCC to the WAC. \({ }^{6}\) Again, the MCC did not transfer the amount it had received in excessive contributions to the WAF before the WAF made the reallocation.

Because the MCC had already received the apparent impermissible and excessive funds from the WAF, it should have removed all of the prohibited funds from its own account. On
5. Although both the MCC and the WAC received contributions from the unregistered organizations, RAD questioned only the MCC about them in accordance with the RAD review and referral procedures for authorized and unauthorized committees. Nevertheless, the WAF returned all of the money given to both the PAC and the PCC by three of the four unregistered organizations. The WAC reimbursed the WAF for the refunds in that the WAF deducted the WAC's allocable share of refunds from the final distribution of funds by the WAF to the WAC. Although there is no RTB finding against the WAC for receipt of the impermissible contributions, the 11 C.F.R. § 102.17 finding against the WAF includes the total amount of impermissible funds transferred to both the MCC and the WAC.
6. The WAF did not physically transfer the reallocated funds to the WAC until January \(31,1989\).

January 25, 1989, in response to instructions from RAD, the MCC transferred \(\$ 46,750\) to the WAF: \(\$ 3,000\) of that amount was to reimburse the WAF for the refunds to the unregistered organizations; \(\$ 43,750\) was for reallocation of all but one of the excessive contributions to the wAC.

On January 31, 1989, the Wright Appreciation Fund transferred \(\$ 46,338.84\) to the WAC. This transfer-in included the joint fundraising proceeds reallocated from the MCC to the WAC. Both the refunds and reallocation of excessive contributions were made more than sixty days after receipt by the PAC. See 2 U.S.C. SS 441a(f) and 441b(a).

In addition, the MCC still has not reallocated or refunded one excessive contribution from three affiliated committees. \({ }^{7}\)
D. Transfer of Funds (from mCC to Fundraiser to WAC to MCC)

As noted above, on January 25, 1989, the MCC transferred \(\$ 46,750\) to the WAF for the refunds of impermissible contributions and reallocation of excessive contributions the MCC received on March 30,1988 . On January 31, 1989, the WAF transferred \(\$ 46,338.84\) to the WAC, which included the funds reallocated from the MCC to the WAC. Then, on January 31, 1989, the WAC then transferred the sum of \(\$ 46,750\) to the MCC. The WAC transferred this sum to the MCC out of the WAC's "excess campaign funds."

\footnotetext{
7. The three committees are Tesco Division of Texas Utilities Electric Co. PAC, Texas Utilities Co./Texas Utilities Electric Co. and Service Companies Energy Employees PAC, and Texas Utilities Electric-Tugco Division PAC. Because they were all set up by Texas Utilities Electric Co., they are affiliated and share one contribution limit. 11 C.F.R. § \(110.3(a)\).
}

Commission regulations provide that the WAC and the MCC are affiliated with the GAF for the purpose of transferring joint fundraising proceeds. But the WAC and the MCC are not affiliated with each other for any purpose, including the transfer of funds, and therefore, the usual contribution limits for political
committees still apply. See 11 C.F.R. SS 102.17(b)(3), 102.17(c)(7). See AO 1986-36, 1 Fed. Election Camp. Fin. Guide [CCH] \$5874. If the WAC and the MCC were affiliated committees, the amount of excessives would increase significantly since they would share a single contribution limit. See 11 C.F.R. \(5110.3(\mathrm{a})(1)\).

The Respondents contend that the transfer of \(\$ 46,750\) from the WAC to the MCC is legal under 2 U.S.C. S 439a and the joint fundraising agreement. Pursuant to 2 U.S.C. S 439a, amounts received by a candidate as contributions that are in excess of any amount necessary to defray his expenditures may be contributed to any organization described in section 170(c) of title 26 , or may be used for any other lawful purpose, including without limitation to any national, state, or local committee of any political party. See also, 11 C.F.R. SS \(113.1(e)\) and 113.2. The joint fundraising agreement between the WAC and the MCC provides that:

> Any and all net proceeds from the joint fundraising efforts between the Participants (after the payment of expenses) shall be divided between the parties as follows: Seventy-five percent of the proceeds from the joint fundraiser will be distributed to WRIGHT APPRECIATION commitree and twenty-five percent of the proceeds will be distributed to MAJORITY CONGRESS COMMITTEE; however, if Jim Wright declares, pursuant to 2 U.S.C. S \(439 a\),

> that he has excess campaign funds, then MAJORITY CONGRESS comirte will receive seventy-five percent of the proceeds and wRIGHT ApPRECIATION commitree will receive twenty-five percent of the proceeds.

The Respondents assert that nothing in the Act or Comission regulations expressly prohibit the transfer of \(\$ 46,750\) from the WAC to the MCC because there is no provision which specifically subjects 2 U.S.C. S 439 a to the contribution liaits of the Act. Respondents contend that the legislative history of 2 U.S.C. S 439a indicates that "any other lawful purpose" is not limited to contributions to a political party committee or another candidate and therefore, use of excess campaign funds should be limited only by express prohibitions to the contrary.

Respondents refer to the proposed amendment in 1976 to 2 U.S.C. 5439 a to strike "any other lawful purpose" and to add "may be contributed to (sic) the National committee or state committee of a political party, or returned by him to his contributors on a pro rata basis, or contributed (sic) to another candidate." During Senate debate, Senator Packwood spoke in opposition to that amendment:

When we legislate on the floor, things come up that we do not think about, and I would not want to trap a member, unconsciously trap a member of the House or of the Senate, who is not spending it for a lawful conversion and which that amendment might strike. 122 Cong. Rec. S3068 (Mar. 23, 1976)(statement of Sen. Packwood) .

The Respondents contend that leaving in the "any other lawful purpose" language left open the opportunity for using excess campaign funds to contribute to leadership PACs, which were not
commonplace in 1976.
The Respondents also refer to Advisory Opinion 1985-30 where the Comission permitted a retiring member of Congress to transfer excess campaign funds to a multicandidate committee she proposed to establish. Respondents argue that "such a transfer from the personal campaign committee to the newly-minted PAC is just as much a contribution' (if at all) as that which the WAC made to the MCC."

It is uncontroverted that excess campaign funds may be used to make a contribution to a leadership PAC. However, both the legislative history of 2 U.S.C. S 439 and advisory opinions issued by the Commission support the conclusion that such contributions must be within the limitations of the Act. The Act's limitations on contributions set forth in 2 U.S.C. S 441a(a)(1) provide that no "person" shall make a contribution to any political committee, other than a national party committee, which aggregates in excess of \(\$ 5,000\). Under the Act, the term "person" is defined to include a committee. 2 U.s.C. § 431(11).

Before the 1979 amendments to the Act, 2 U.S.C. S 439a provided:

Amounts received by a candidate as contributions that are in excess of any amount necessary to defray his expenditures, and any other amounts contributed to an individual for the purpose of supporting his activities as a holder of Federal office, may be used by such candidate or individual, as the case may be, to defray any ordinary and necessary expenses incurred by him in connection with his duties as a holder of Federal office, may be contributed by him to any organization described in section \(170(c)\) of the Internal Revenue Code of 1954, or may be used for any other lawful purpose (emphasis added).

Prior to the 1979 amendments, a transfer of excess campaign funds to a political party was permitted, but limited to the annual contribution limit. See Senate Report No. 96-319, reprinted in, FEC Legislative History of Federal Election Campaign Act Amendments of 1979 at 451. In 1979, 2 U.S.C. S 439 a was amended to allow excess funds to be used "for any other lawful purpose, including transfers without limitation to any national, State, or local committee of any political party (emphasis added)." In other words, the phrase "any other lawful purpose," which was included in 2 U.S.C. S 439a prior to 1979, did not permit unlimited transfers to political party committees; Congress had to amend the Act before excess funds could be transferred without limit to political party committee. Because there is no provision in the Act or regulations permitting unlimited transfers of excess campaign funds to leadership PACs, such contributions are subject to the limitations of the Act.

The Commission has consistently concluded in advisory opinions that transfers of excess campaign funds to another political committee are subject to the limitations of the Act. In Advisory Opinion 1987-11, one of the proposed uses of a deceased Senator's excess campaign funds was to create a state PAC to support candidates for state and federal offices. The Commission concluded that this use of excess campaign funds is permissible, but any contribution to a political committee, as defined by the Act, is subject to the contribution limits of the Act. In a footnote to Advisory Opinion 1987-11, the Commission referred to Advisory Opinion 1985-30 and pointed out that a
principal campaign committee may convert to multicandidate political committee, thereby distinguishing the use of excess campaign funds to create a multicandidate political committee with using excess campaign funds to make contributions to political committees.

In Advisory Opinion 1985-13, the bylaws of a Congressman's principal campaign committee provide that if the Congressman becomes unable to serve or run for re-election, all excess campaign funds will be transferred to his party's succeeding candidate. The Commission concluded that the Congressman's excess campaign funds may be used only to "make a limited (emphasis added) contribution to such a committee and to any existing multicandidate committee." The Commission further stated that because the successor's campaign committee would not qualify as a "party committee," it could not receive an unlimited transfer from the Congressman's committee. Again, the Commission pointed out that the Congressman's committee may convert its status to a multicandidate committee, thereby distinguishing that alternative use of excess campaign funds with using excess funds to make a contribution to a political committees.

Similarly, in Advisory Opinion 1983-14, the Commission concluded that the principal campaign committee of a defeated congressman may transfer excess campaign funds to his party's successor or to a federal PAC, but "since the congressman's committee is a 'person' as defined by 2 U.S.C. S \(431(11)\), any transfers of funds by it to any nonparty political committee... would be contributions and thus subject to the Act's contribution
limits." The Commission further stated that if the committee intends to transfer the excess campaign funds to a federal PAC, such a transfer constitutes a contribution and would be subject to the Act's limitations on such contributions of \(\$ 5,000\) per calendar year. Again, the Commission noted that the committee may convert its status to that of a multicandidate committee. See also, AO 1981-15 (any contribution, including a loan or transfer, made with excess campaign funds is subject to the contribution limits of the Act); AO 1986-36 (contributions by the principal campaign committee of one federal candidate to that of another federal candidate are subject to the limitations of the Act): AO 1978-94 (any transfers made with excess campaign funds to a political committee or a candidate for federal office is subject to the contribution limits of 2 U.S.C. S 441 and 11 C.F.R. S 110.1); AO 1988-41 (the committee of a retiring member of Congress may use its excess campaign funds to make political contributions, but such contributions are subject to the Act's limitations if the donee is a Federal candidate or the candidate's authorized political committee or is any other political committee as defined by the Act and regulations).

A transfer of excess campaign funds to a leadership PAC is subject to the limitations of the Act. Therefore, the January 31, 1989 transfer of \(\$ 46,750\) from the WAC to the MCC was an excessive contribution. Accordingly, the WAC made an excessive contribution of \(\$ 41,750\) to the MCC in violation of 2 U.S.C. §441a(a), and the MCC accepted an excessive contribution of
\(\$ 41,750\) in violation of 2 U.S.C. S 441a(f).
E. Wright Appreciation Fund ("War" or "Fundraiser")

The Wright Appreciation Fund is a reporting political
committee which registered with the Commission on September 15 , 1987. \({ }^{8}\) It is also an authorized committee of the WAC. See 11 C.F.R. S \(102.17(a)\). As a joint fundraising representative, the Fundraiser has a duty to screen all contributions received to ensure that neither prohibited nor excessive contributions are transferred to the participating committees. See 2 U.S.C.

S 441a(F) and 11 C.F.R. S \(102.17(C)(4)\). However, as discussed above, the WAF received and transferred excessive and impermissible funds to both the WAC and the MCC.

Additionally, pursuant to 11 C.F.R. S \(102.17(\mathrm{c})(8)(\mathrm{i})(\mathrm{A})\), the fundraising representative must report all contributions received in the reporting period in which they are received by itemizing each receipt in a Memo Schedules A. All Memo Schedules A must clearly indicate that the contributions reported on that schedule represent joint fundraising proceeds. As noted earlier in this report, the WAF transferred \(\$ 235,838.84\) in joint fundraising proceeds to the WAC during 1989 for which the WAC failed to provide supporting Memo Schedules A. The WAF also failed to provide all of the corresponding Memo Schedules A to support \(\$ 119,362.59\) in receipts it transferred to the WAC as

\footnotetext{
8. There was a joint fundraising committee by the same name registered with the Commission in March 1985. This committee terminated with its 1986 Year End Report.
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joint fundraising proceeds, in violation of 11 C.F.R. S \(102.17(c)(8)(i)(A)\).
III. DISCUBSION OF COWCILIAFION PEOVIBIONS AMD CIVIF PEMAKTY
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\section*{IV. RECOMMENDATIONS}
1. Open a mut in RAD Referral 90L-9.
2. Find reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. \(S 434(b)\) and 11 C.F.R. S 102.17(C)(3)(i)(B).
3. Merge this matter with MUR 3011.
4. Enter into conciliation with the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, prior to a finding of probable cause to believe.
5. Enter into conciliation with the Majority Congress Committee and Robert \(N\). Reeves, as treasurer, prior to a finding of probable cause to believe.
6. Enter into conciliation with the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer, prior to a finding of probable cause to believe.
7. Approve the attached proposed conciliation agreement and Factual and Legal Analysis.
8. Approve the appropriate letter.


Attachments:
1. Referral Materials
2. Letter dated March 15, 1990: Request for conciliation in RAD Referral 90L-9
3. Letter from counsel dated April 24, 1990
4. Responses from Respondents dated January 29, 1990
5. Response from Respondents dated April 6, 1990 (This response also relates to MUR 3000 as well as the matter at hand, MUR 3011. This report, however, only addresses the issues in MUR 3011.)
6. Proposed Conciliation Agreement
7. Factual and Legal Analysis

\section*{MEMORANDUM}
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TO: LAWRENCE M. NOBLE GENERAL COUNSEL

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FROM:
```MARJORIE W. EMMONS/DELORES HARRISCOMMISSION SECRETARY
DATE:
SUBJECT:
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JULY 24, 1990
MUR 3011 - GENERAL COUNSEL'S REPORT DATED JULY 18, 1990

## BEFORE THE FEDERAL ELECTION COMAI88ION

In the Matter of
Congressman Wright Appreciation Committee and Henry Rerry, as treasurer;)

Majority Congress Committee and

MUR 3011 and rad referral *90L-9 Robert $N$. Reeves, as treasurer:

Wright Appreciation Fund and W. Edwin Youngblood, as treasurer.

## CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the
Federal Election Commission executive session on August 16, 1990, do hereby certify that the Commission took the following actions in the above-captioned matters:

1. Decided by a vote of 6-0 to
a) Open a MUR with respect to RAD Referral 90L-9.
b) Find reason to believe that the Congressman Wright Appreciation Committee and Henry Rerry, as treasurer, violated 2 U.S.C. S $434(\mathrm{~b})$ and 11 C.F.R. S 102.17 (c)(8)(i)(B).
c) Merge this matter with MUR 3011.
d) Enter into conciliation with the Congressman Wright Appreciation Comittee and Henry Rerry, as treasurer, prior to a finding of probable cause to believe.
e) Enter into conciliation with the Majority Congress Conaittee and Robert N. Reeves, as treasurer, prior to a finding of probable cause to believe.
f) Enter into conciliation with the Wright Appreciation Fund and $W$. Edwin Youngblood, as treasurer, prior to a finding of probable cause to believe.
g) Approve the proposed conciliation agreement attached to the General Counsel's report dated July 18, 1990,
h) Approve the proposed Factual and Legal Analysis attached to the General Counsel's report dated July 18, 1990,
i) Approve the appropriate letter as recommended in the General Counsel's report dated July $18,1990$.
(continued)

Commissioners Aikens, Elliott, Josefiak, McDonald, McGary, and Thomas voted affirmatively for the decision.
2. Decided by a vote of 6-0 to reconsider the previous action taken in order to permit the General Counsel to present a further correction to the Conciliation Agreement.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for reconsideration.
3. Decided by a vote of 6-0 to
a) Open a MUR with respect to RAD Referral 90L-9.
b) Find reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. S $434(b)$ and 11 C.F.R. S 102.17 (c)(8)(i)(B).
c) Merge this matter with MUR 3011.
d) Enter into conciliation with the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, prior to a finding of probable cause to believe.
e) Enter into conciliation with the Majority Congress Committee and Robert $N$. Reeves, as treasurer. prior to a finding of probable cause to believe.
f) Enter into conciliation with the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer. prior to a finding of probable cause to believe.
g) Approve the proposed conciliation agreement attached to the General Counsel's report dated July 18, 1990,
h) Approve the proposed Factual and Legal Analysis attached to the General Counsel's report dated July 18, 1990,
i) Approve the appropriate letter as recommended in the General Counsel's report dated July 18, 1990.

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

Attest:


FEDERAL ELECTION COMMISSION

Stanley M. Brand, Esquire
David E. Frulla, Esquire
Brand \& Lowell
923 Fifteenth St.. N.W.
Washington, D.C. 20006
RE: $\quad$ MUR 3117
Congressman Wright
Appreciation Committee and
Henry Kerry, as treasurer;
Majority Congress Committee
and Robert N. Reeves, as
treasurer; and
Wright Appreciation Fund
and W. Edwin Youngblood, as
treasurer

Dear Messrs. Brand and Frulla:
On November 14, 1989, the Federal Election Commission found reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. S5 441a(a) and 441a(f); the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. SS 434(b), 44la(f) and 441b(a); and the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer, violated 2 U.S.C. S 441a(f) and 11 C.F.R. § 102.17. Additionally, on August 16, 1990, the Commission found reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. § $434(\mathrm{~b})$ and 11 C.F.R. $\$ 102.17(\mathrm{c})(8)(\mathrm{i})(\mathrm{B})$. The factual and Legal Analysis for these new findings is attached for your information. At your request, the Commission has merged the new findings with MUR 3011. This matter will now be known as MUR 3117. In addition, on August 16, 1990, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of MUR 3011 prior to a finding of probable cause to believe.

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

Stanley M. Brand, Esq.
David E. Frulla. Esq.
MUR 3117
Page 2

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.


## Enclosure

Conciliation Agreement factual and Legal Analysis

## FEDERAL ELECTION COMMISSION <br> FACTUAL AND LEGAL ANALYSIS

## RESPONDENTS: Congressman Wright MUR 3117 Appreciation Committee and Henry Rerry, as treasurer

Comission regulations governing joint fundraisers are set forth at 11 C.F.R. S 102.17. Each participating political committee in joint fundraiser must report its share of net proceeds as a transfer-in from the fundraising representative. 11 C.F.R. § $102.17(C)(8)(i)(B) . A$ participating committee must file Memorandum Schedules $A$ to support each transfer-in, itemizing its share of joint fundraising proceeds as contributions from the original contributors. Id. The Memorandum Schedules A must identify any person who made a contributions aggregating in excess of $\$ 200.00$ per calendar year, along with the date and amount of such contribution. 2 U.s.C. § $434(\mathrm{~b})(3)(\mathrm{A})$. All contributions from political committees must be reported, together with the date and amount of any such contribution. 2 U.S.C. § $434(\mathrm{~b})(3)(\mathrm{B})$.

In the 1989 Mid-Year report, the Congressman Wright Appreciation Committee ("WAC" or "PCC") disclosed transfers-in of joint fundraising proceeds from the Wright Appreciation Fund, totaling $\$ 232,338.84$, without supporting Memorandum Schedules A. Additionally, in the 1989 Year-End report, the WAC reported transfers-in of joint fundraising proceeds totaling \$3,500.00 without the supporting Memorandum Schedules A. Therefore, there is reason to believe the Congressman Wright

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MUR 3117
Page 2
Appreciation Comaittee and Henry Kerry, as treasurer, violated
2 U.S.C. S 434(b) and 11 C.F.R.S 102.17(c)(8)(i)(B).
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# Brand \& Lowell <br> A MOOTEBSIONAL CORHORATION <br> 923 FIFTEENTH STREET, N.W. <br> WASHINGTON, D.C. 20005 

January 18, 1991

## BY MTP DTHTYABY

## Elizabeth Campbell, Esquire

 Office of the General Counsel Federal Election Comission 999 E Street, N.W. Washington, DC 20463TELEPHONE: 12081 Ce8-0700 TELECOPIER: 12021 737-7863

Re: Consolidated Yatter Under Reviev 3117
Dear Elizabeth:

As we discussed earlier this afternoon, enclosed please find the executed conciliation agreement in the above-referenced matter under review.

Further to our conversation, I am confirming your conclusion as stated to me that the conciliation agreement requires the Majority Congress Comittee to refund the as-yet unrefunded state PAC contributions. Once that set of refunds occurs and after payment of its remaining expenses, the Majority Congress Committee will remit the funds remaining in its depository to the Wright Appreciation Committee in partial refund for the alleged $\$ 41,750$ excess contribution which occurred by virtue of the "excess funds" transfer that was at issue in this matter under review. Once the Majority Congress Committee closes out its account in this way, neither the committee nor its officers will have any further financial or refund obligation arising from matters addressed in the conciliation agreement. The Majority Congress Committee may thus file a termination statement.

Likewise, once the Wright Appreciation Committee and Wright Appreciation Fund have satisfied their reporting obligations under the terms of the conciliation agreement and paid the civil monetary penalty, you confirmed to me that these two committees may wind up their affairs and file a termination statement, as well.

Please call to confirm that the Commission has accepted this conciliation agreement or if you have any questions.


BETORE TEE FEDERAL ELECTION COMIHESION
In the Matter of
Congreseman Wright Appreciation Comittee and Henry Rerry, as treasurer

MUR 3117
Majority Congress Comittee and Robert N. Reeves, as treasurer

Wright Appreciation Fund and w. Edwin Youngblood, as treasurer

GENERAL COUNSEL'S REPORT

## I. BACRGROUND

Attached is a conciliation agreement which has been signed by Stanley Brand, counsel for the three respondent comittees and their treasurers.

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## II. RECOMHENDATIONS

1. Accept the attached conciliation agreement with the Congressman Wright Appreciation Comittee and Henry Kerry, as treasurer; the Majority Congress Comittee and Robert $N$. Reeves, as treasurer; and the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer.
2. Close the file.
3. Approve the attached letter.


Attachments

1. Conciliation Agreement
2. Letter
3. 1990 Pre-General Report filed by the Majority Congress Committee Staff Assigned: Elizabeth Campbell
$\nabla$

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## BEPORE THE FEDERAL ELECTION COMMIS8ION

In the Matter of

Congreseman Wright Appreciation Comittee and Henry Rerry, as treasurers
Majority Congress Committee and Robert N. Reeves, as treasurer; Wright Appreciation Fund and W. Edwin Youngblood, as treasurer.
In the matter of

## CERTIFICATION

I. Marjorie W. Emmons, Secretary of the Federal Election Comaission, do hereby certify that on January 31. 1991, the Commission decided by a vote of $4-0$ to take the following actions in MUR 3117:

1. Accept the conciliation agreement with the Congressman Wright Appreciation Committee and Henry kerry, as treasurer; the Majority Congress Committee and Robert N. Reeves, as treasurer; and the Wright Appreciation Fund and W. Edwin Youngblood, as treasurer; as recommended in the General Counsel's Report dated January 28, 1991.
2. Close the file.
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Federal Election Commission
Page 2
Certification for MUR }311
January 31, 1991
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3. Approve the letter, as recommended in the General Counsel's Report dated January 28, 1991.

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

## Attest:



Received in the Secretariat: Mon.. Jan. 28, 1991 4:30 pom. Circulated to the Commission: Tues., Jan. 29, 1991 11:00 abm. Deadline for vote: Thurs., Jan. 31, 1991 11:00 a.m.
dr

# FEDERAL ELECTION COMMISSION 

Stanley M. Brand, Esq.
David E. Frulla, Esq. Brand \& Lowell 923 Fifteenth Street, N.W. Washington, D.C. 20005

RE: MUR 3117
Congressman Wright
Appreciation Committee and Henry Kerry, as treasurer; Majority Congress
Committee and Robert $N$. Reeves, as treasurer; and Wright Appreciation Fund and W. Edwin Youngblood, as treasurer

Dear Messrs. Brand and Frulla:
On January 31, 1991, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of your clients in settlement of violations of 2 U.S.C. SS $434(b)$, 441a(a), 441a(f), 441b, and 11 C.F.R.S 102.17, provisions of the Federal Election Campaign Act of 1971, as amended, and Commission Regulations. Accordingly, the file has been closed in this matter.

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

Pursuant to the terms of the conciliation agreement, the following action must be taken by the respondents before this matter is considered to be closed:

1) the Respondents must pay a civil penalty of $\$ 15,000$ to the Commission;
2) the Congressman Wright Appreciation Committee must file Memorandum Schedules $A$ to support all joint fundraising proceeds it received in 1989;

Stanley M. Brasu, Esq. David E. Frulla, Esq. MUR 3117
Page 2
3) the Wright Appreciation Fund must file Memorandum Schedules A to support all joint fundraising proceeds it received and transferred out in 1989; and
4) the Majority Congress Committee must refund the $\$ 1,750$ excessive contribution to the three affiliated rexas Utilities company political committees, and pay all remaining expenses. The Majority Congress Committee must then refund the $\$ 41,750$ excessive contribution it received from the Congressman Wright Appreciation Committee. The Commission is aware that the Majority Congress Committee may not have sufficient funds in its account to refund the entire excessive amount to the Congressman Wright Appreciation Committee. Under the terms of the conciliation agreement, the Majority Congress Committee is required only to use all remaining funds in its treasury to make the refund to the Congressman Wright Appreciation Committee.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that your clients must comply with the terms of the conciliation agreement within thirty days from the date the conciliation agreement was signed.

Upon compliance with the terms of the conciliation agreement, the three committees may file termination notices with the Commission. A committee may terminate only if it has no outstanding debts or obligations, and no longer intends to receive any contributions or make any disbursements that would otherwise qualify it as a political committee. See 2 U.S.C. § 433(d); 11 C.F.R. § 102.3. If a committee is eligible to terminate, it may do so by filing a termination notice with the Commission either by checking the box for "termination report" on the Summary Page of the FEC disclosure report forms, or by filing a written statement. The termination report must include the disclosure of all receipts and disbursements since the last reporting period, including an accounting of debt retirement, and a statement as to the disposition of any residual funds. A principal campaign committee may not terminate until the debts of all of the candidate's authorized committees have been extinguished. Upon receipt of the termination report, the Commission will notify the committee whether or not its termination has been accepted.

Stanley M. Branco Esq. David E. Frulla, Esq. MUR 3117
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If you have any questions, please contact elizabeth Campbell. the attorney assigned to this matter, at (202) 376-8200.


Lawrence M. Noble General Counsel

Enclosure
Conciliation Agreement

## BEFORE THE FEDERNL ELECTION COMHISEION

In the Matter of
Congressman Wright Appreciation Committee and Henry Rerry, as treasurer

MUR 3117
Majority Congress Comittee and Robert N. Reeves, as treasurer as treasurer

Wright Appreciation Fund and W. Edwin Youngblood, as treasurer )

CONCILIATION AGREEMENT
This matter was initiated by the Federal Election Commission ("commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that the Congressman Wright Appreciation Committee and Henry Kerry, as treasurer, violated 2 U.S.C. SS 434(b), 441a(a), 441a(f) and 11 C.F.R.
s $102.17(c)(8)(i)(B)$; the Majority Congress Committee and Robert N. Reeves, as treasurer, violated 2 U.S.C. SS $434(b)$, 441a(f) and 441b(a); and the Wright Appreciation Fund and its treasurer, violated 2 U.S.C.S $441 \mathrm{a}(\mathrm{E})$ and 11 C.F.R.S 102.17 (all three of the committees and their treasurers are referred to as "Respondents" in this matter).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:
I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has
the effect of an agreement entered pursuant to 2 U.S.C. S 437g(a)(4)(A)(i).
II. Respondents have had reasonable opportunity to demonstrate that no action should be taken in this matter.
III. Respondents enter voluntarily into this agreement with the Commission.
IV. The pertinent facts in this matter are as follows:

1. The Congressman Wright Appreciation Committee is a political comittee within the meaning of 2 U.S.C. S 431(4) and the principal campaign committee within the meaning of 2 U.S.C. S 431(5), designated by former Speaker of the U.S. House of Representatives, James C. Wright, Jr., at the time he was a candidate for re-election.
2. Henry Rerry is the treasurer of the Congressman Wright Appreciation Committee.
3. The Majority Congress Committee is a political committee within the meaning of 2 U.S.C. S $431(4)$ and a multicandidate political committee within the meaning of 2 U.S.C. S 441a(a)(4).
4. Robert $N$. Reeves is the treasurer of the Majority Congress Committee.
5. The Wright Appreciation Fund is a political committee within the meaning of 2 U.S.C. § $431(4)$. The wright Appreciation Fund was established pursuant to 11 C.F.R. S 102.17(b)(1) as the fundraising representative of a joint fundraiser set up by the Congressman Wright Appreciation Committee and the Majority Congress Committee, as participating
comittees. Pursuant to 11 C.F.R. S $102.17(a)$, it is an authorized comattee of the Congressman Wright Appreciation Comittee. Comission regulations provide that the Congressman Wright Appreciation Committee and Majority Congress Comittee are affiliated with the wright Appreciation Fund for the purpose of transferring joint fundraising proceeds, but the Congressman Wright Appreciation Committee and the Majority Congress Comattee are not affiliated with each other under the Act and Commission regulations for any purpose. A political committee established with the assistance of a Congressman is not considered an authorized campaign committee unless the Congressman had recognized it as such. See AO 1978-12, 1 Fed. Election Camp. Fin. Guide [CCH] 5306.
6. W. Edwin Youngblood became the treasurer of the Wright Appreciation Fund in 1989.
7. (a) The Federal Election Campaign Act of 1971, as amended ("the Act"), limits the amount an individual or a political committee other than a multicandidate committee can contribute to a candidate or an authorized political committee, with respect to any election for federal office, to an aggregate amount of $\$ 1,000$. 2 U.S.C. $S 441 \mathrm{a}(\mathrm{a})(1)(\mathrm{A})$.
(b) The Act limits the amount a multicandidate committee can contribute to a candidate or any authorized political committee, with respect to any election for federal office, to an aggregate amount of $\$ 5,000$. 2 U.S.C. $5441 a(a)(2)$. A "multicandidate political committee" is a political committee which has been registered for at least six months, has received
contributions from more than 50 persons, and has made contributions to five or more candidates for federal office. 2 U.8.C. S 441a(a)(4).
(c) Pursuant to 2 U.s.C. S 441a(a)(1)(C), no person shall make contributions to any political committee other than a candidate's principal campaign committee or any authorized political comittee, in any calendar year, which in the aggregate, exceed $\$ 5,000$. Under 2 U.S.C. S 431(11), the term "person" includes a comittee.
(d) The Act prohibits a candidate or political committee from knowingly accepting any contribution or making any expenditure in violation of the provisions of Section 441 a. 2 U.S.C. S 441a(f).
(e) The Act prohibits contributions from corporations and labor unions in federal elections. 2 U.S.C. S 441b.
(f) Commission regulations provide that an organization which qualifies as a political committee must file a Statement of Organization and register as a political committee. 11 C.F.R. S 102.1(d). Any committee, club, association, or other group of persons which receives contributions aggregating in excess of $\$ 1,000$ or makes expenditures aggregating in excess of $\$ 1,000$ during a calendar year qualifies as a political committee. 11 C.F.R. S 102.5(b). Pursuant to 11 C.F.R. S $102.5(b)$, organizations that are not political committees must either establish a separate account for federal activity which includes only funds subject to the
prohibitions and limitations of the Act or demonstrate through a reasonable accounting method that contributions made to federal committees did not include any funds prohibited under the Act.
(g) Pursuant to 11 C.F.R. S $103.3(b)$, the treasurer of a political comittee has the responsibility for examining all contributions received for evidence of illegality and for ascertaining whether contributions received, when aggregated with other contributions from the same contributor, exceed the Act's contribution limits. Excessive or impermissible contributions not redesignated or reattributed must be refunded to the contributor within sixty days of the treasurer's receipt of the contribution. 11 C.F.R. SS 103.3(b), 110.1(b) and $110.2(\mathrm{~b})$.
(h) A political committee is required to report all contributions and itemize those which, in the aggregate, exceed $\$ 200$ in a calendar year, together with the date and amount of any such receipts. 2 U.S.C. S $434(b)$. All contributions from political committees must be reported, together with the date and amount of any such contribution. 2 U.S.C. S 434(b)(3)(B).
(i) Requirements for joint fundraisers are set
forth at 11 C.F.R. S 102.17. Participating committees in a joint fundraiser must enter into a written joint fundraising agreement which sets out the formula for allocating fundraising proceeds and identifies the fundraising representative. 11 C.F.R. S 102.17(c)(1). The fundraising representative must be a reporting political committee and an authorized committee of each federal candidate participating in the joint fundraiser.

11 C.F.R. S $102.17(\mathrm{a})$.
Both the fundraising representative and participating comittees have a duty to screen all contributions received to ensure that they are neither prohibited nor in excess of the contribution Iimitations under the Act. 11 C.F.R. $5102.17(c)(4)$. Participating political comittees must make their contributor records available to the fundraising representative to enable the fundraising representative to carry out its duty to screen contributions. 11 C.F.R. S $102.17(c)(4)$.

Except to the extent that the contributor has previously contributed to any of the participating committees, a contributor may make a contribution to the joint fundraising representative up to the total amount which he could give to all the participating committees under the applicable contribution limits. 11 C.F.R. S $102.17(c)(5)$.

The fundraising representative shall allocate proceeds according to the formula stated in the fundraising agreement. 11 C.F.R.S $102.17(c)(6)(i)$. If distribution under the formula results in a violation of the contribution limits of the Act, the fundraising representative may reallocate the excess funds to another participating committee. 11 C.F.R. S 102.17(c)(6)(i).

The fundraising representative must report contributions in the reporting period in which they are received. 11 C.F.R. S $102.17(c)$. The fundraising representative must itemize joint fundraising receipts in a Memorandum Schedule A and clearly indicate that the contributions reported on the schedule represent joint fundraising proceeds. 11 C.F.R.
s $102.17(c)(8)(i)(A)$. After distribution of net proceeds, each participating political committee shall report its share of net proceeds received as a transfer-in from the fundraising representative. 11 C.F.R. $5102.17(c)(8)(i)(B)$. Farticipating political conmittees shall report foint fundraising proceeds when such funds are received from the fundraising representative. 11 C.F.R. S 102.17(c). In addition, participating political comattees must file a Memorandum Schedule A itemizing the funds from each transfer-in as contributions from original contributors. 2 U.S.C. S $102.17(c)(8)(i)(B)$. For contribution reporting and limitation purposes, the date of receipt of a contribution by participating political committee is the date that the contribution is received by the fundraising representative. 11 C.F.R. S $102.17(c)(3)(i i i)$.
(j) Pursuant to 2 U.S.C. S 439a, amounts received by a candidate as contributions that are in excess of any amount necessary to defray his expenses may be contributed to any organization described in section $170(c)$ of title 26 , or may be used for any other lawful purpose, including transfers without limitation to any national, State, or local committee of any political party. However, contributions or transfers by a federal political committee to another federal political committee are are still subject to the limitations of the Act. See AO 1986-36, 1 Fed. Election Camp. Fin. Guide [CCH] \| 5874.
8. On October 7, 1988, the Congressman Wright Appreciation Committee received a transfer-in of joint fundraising proceeds from the Wright Appreciation Fund. This
transfer-in included contributions from three
federally-registered, non-multicandidate political comittees. Each comittee made contributions totaling $\$ 10,000$ to the Wright Appreciation Fund in 1988. Each comittee's contributions were transmitted via two $\$ 5,000$ checks, for the primary and general elections, respectively. Respondents disclosed receipt and transfer-in of these contributions pursuant to the Joint Fundraising Agreement.

In 1988, the Congressman Wright Appreciation Comittee could accept $\$ 2,000$ ( $\$ 1,000$ for both the primary and general election) from these three committees, while the Majority Congress Committee could accept $\$ 5,000$. Thus, $\$ 3,000$ from each contributor -- $\$ 9,000$ in all -- was received in excess of federal limits.

Under federal campaign finance law and regulations, an excess contribution accepted by a political committee must be refunded, redesignated, or reattributed within sixty days of its receipt. 11 C.F.R. S 103.3(b)(3). The Congressman Wright Appreciation Committee refunded the $\$ 9,000$ in excessive contributions from these three committees on March 22, 1989. This was more than sixty days after receipt. A violation of federal campaign finance law and regulations thus occurred by virtue of the untimely refund.

Respondents contend that the violation was not knowing and willful, but resulted from a mistaken categorization of these political committee contributions as being from multicandidate political committees. Respondents discovered this error
following a Request for Additional Information from the Comission's Reports Analysis Division. Once this was discovered, Respondents refunded the excessive part of these contributions forthwith.
9. (a) On March 30,1988 the Majority Congress Comittee received a $\$ \mathbf{4 0 0 , 0 0 0}$ transfer-in of joint fundraising proceeds from the Wright Appreciation Fund pursuant to the Joint Fundraising Agreement. The Wright Appreciation Fund received over two thousand five hundred joint fundraising contributions. Respondents contend that the Wright Appreciation Fund endeavored to report each such contribution, regardless of whether federal campaign finance law and regulation so required.

In addition, unless the contributor so requested, each of these two thousand five hundred contributions was allocated pursuant to the Joint Fundraising Agreement between the Congressman Wright Appreciation Committee and the Majority Congress Committee. Respondents contend that, because of the volume of contributions received and processed, certain errors occurred in the allocation and distribution of these joint fundraising contributions.

Most of these errors (twenty-three in all -- or less than one percent of joint fundraising contributions received) occurred the same way. Specifically, pursuant to the Joint Fundraising Agreement, certain contributions were allocated seventy-five percent to the Majority Congress Committee, twenty-five percent to the Congressman Wright Appreciation Committee. For contributions to the Wright Appreciation Fund totaling $\$ 6,667$ or
more, however, mechanical application of the seventy-five percent allocation to the Majority Congress Comittee would result in an excessive contribution to the Majority Congress Committee because, as a multicandidate political committee, it could receive no more than $\$ 5,000$ per calendar year from any contributor. ( $\$ 5,000$ is seventy-five percent of $\$ 6,667$.

The Wright Appreciation Fund did receive and transfer-in to the fundraising participants the allocable shares of certain contributions which totalled over $\$ 6,667$. Twenty such contributions were received by the Wright Appreciation Fund from political committees and transferred-in to the joint fundraising participants. Mechanical application of seventy-five percent allocation to the Majority Congress Committee resulted in excessive contributions to it. In addition, one excessive contribution from an individual to the Majority Congress Committee occurred in the same fashion. In all, the amount thereby improperly allocated (and then transferred-in to the Majority Congress Committee) totalled $\$ 45,750$.

Also, the Wright Appreciation Fund accepted contributions from two contributors, which, Respondents ultimately learned, were not registered as federal political committees and did not otherwise maintain separate accounts for federal political activity. A potential problem could arise under federal campaign finance law and regulation because these contributors were located in states in which a corporation or labor organization could have made a contribution to these non-federally registered political committees. As a result, it is possible that a
corporation or labor organization could have made a contribution to that non-federally registered political committee, which, in turn and because these contributor did not maintain a separate account for federal political activity, could have made a contribution to Respondents, using those funds derived, in part, from a corporation or labor organization. To prevent this possibility from occurring, federal campaign finance law and regulation impose a blanket prohibition on receipt by a federal committee of contributions received from a non-federally registered political committee which does not maintain a separate account for federal political activity, unless the committee can demonstrate through a reasonable accounting method that contributions made to the federal committee did not include any funds prohibited under the Act.

The transfers-in from the wright Appreciation Fund to the Majority Congress Committee included $\mathbf{\$ 2 , 2 5 0}$, which, it now appears, was derived from contributions from such non-federally-registered political committees which did not maintain a separate account for federal political activity.
(b) The Majority Congress Committee timely reported the March 30, 1988 transfer-in in the April Monthly report, but failed to provide Memorandum Schedules A to support the transfer-in until July 5, 1988.
(c) On behalf of the Majority Congress Committee, on August 31, 1989, the Wright Appreciation Fund refunded the impermissible contributions from the unregistered organizations.
(d) On January 25, 1989, the Majority Congress Comittee transferred $\$ 46,750$ to the Wright Appreciation Fund: $\$ 2,250$ of that amount was to reimburse the Wright Appreciation Fund for the refunds to the unregistered organizations described in sub-paragraph (a): $\$ 43,750$ was for reallocation of all but one of the excessive contributions to the Congressman Wright Appreciation Committee described in sub-paragraph (a).
(e) Under federal campaign finance law and regulation, a political committee must refund, redesignate, or reattribute an excessive contribution within sixty days of receipt thereof. 11 C.F.R. S $103.3(b)(3)$. The refunds described in sub-paragraph (c), above, and reallocations described in subparagraph (d), above, were made more than sixty days after receipt by the Majority Congress Committee.
10. On January 31, 1989, the Wright Appreciation Fund transferred $\$ 46,338.84$ to the Congressman Wright Appreciation Committee. This transfer-in included the joint fundraising proceeds reallocated from the Majority Congress Committee to the Congressman Wright Appreciation Committee.
11. The Joint Fundraising Agreement, as drafted by then counsel for Respondents, provided for an initial allocation of joint fundraising proceeds of seventy-five percent to the Congressman Wright Appreciation Committee, and twenty-five percent to the Majority Congress Committee.

When then counsel for the Respondents drafted the Joint Fundraising Agreement, it was recognized that Speaker wright, as a senior member of the House of Representatives, often faced only
a minor re-election challenge. In such case, his personal campaign committee (the Congressman Wright Appreciation Comittee) might not require all seventy-five percent of the foint fundraising proceeds to be allocated to it in the first instance under the Joint Fundraising Agreement. Accordingly, then counsel for Respondents drafted the Joint Fundraising Agreement so as to permit Congressman Wright to reallocate certain joint fundraising proceeds in excess of twenty-five percent to the Majority Congress Committee.

The Joint Fundraising Agreement, as thus drafted, authorized Speaker Wright to declare that he had excess funds pursuant to 2 U.S.C. Section 439a, whereupon joint fundraising proceeds would be apportioned seventy-five percent to the Majority Congress Committee, twenty-five percent to the Congressman Wright Appreciation Committee. 12 U.S.C. Section 439 a governs how a Member of Congress may employ campaign funds not needed for his or her election, termed "excess funds.")

The Commission has previously determined, however, that transfers of funds between non-affiliated political committees made pursuant to 2 U.S.C. Section 439 a are subject to federal contributions limits. See, e.g., AO 1986-36.

On January 31, 1989, the Congressman Wright Appreciation Committee, pursuant to the Joint Fundraising Agreement, transferred $\$ 46,750$ to the Majority Congress Committee as excess funds. Under Commission rulings, however, such a transfer is treated as a contribution subject to the limitations of the Act. This is because the Congressman Wright Appreciation Committee and
the Majority Congress Comittee are not affiliated with each other (although they are affiliated with the Wright Appreciation Fund for foint fundraising purposes).

Under the Act, the Congressman Wright Appreciation Comittee should have transferred no more than $\$ 5,000$ to the Majority Congress Comittee. Thus, the Congressman Wright Appreciation Comittee made an excessive contribution of $\$ 41,750$ to the Majority Congress Comittee.
12. The Congressman Wright Appreciation Committee disclosed the receipt of $\$ 235,838.84$ in transfers-in from the Wright Appreciation Fund between January 31, 1989 and October 25, 1989, but did not provide Memorandum Schedules A to support these joint fundraising proceeds. The Wright Appreciation Fund did not provide Memorandum Schedules A to support $\$ 119,362.59$ of the \$235,838.84 it transferred to the Congressman Wright Appreciation Committee in 1989. Respondents contend that they did not file these Memorandum Schedules $A$ on advice of counsel, pending resolution of the Commission's investigation in this Matter Under Review. It was contemplated by Respondents and their counsel that filing of these Memorandum Schedules $A$ would be made as part of conciliation of this Matter Under Review. This way, the Respondents could ensure that these Memorandum Schedules A comport with the legal and factual determinations made in this Matter Under Review.
V. 1. The Congressman Wright Appreciation Committee accepted $\$ 9,000$ in excessive contributions, in violation of 2 U.S.C. S 441a(f).
2. The Congressman Wright Appreciation Comittee made an excessive contribution of $\$ 41,750$ to the Majority Congress Comittee, in violation of 2 U.s.C. S 441a(a).
3. The Congressman Wright Appreciation Comattee failed to file Memorandum Schedules A to support $\$ 235,838.84$ in joint fundraising proceeds, in violation of 2 U.S.C. $5434(b)$ and 11 C.F.R.S $102.17(C)(8)(i)(B)$.
4. The Majority Congress Comittee accepted a total of $\$ 88,500$ in excessive contributions, in violation of 2 U.S.C. S $441 \mathrm{a}(\mathrm{f})$, and accepted $\$ 2,250$ in prohibited contributions, in violation of 2 U.S.C. S 441 b . As set forth above in Part IV, subparagraph $9(a), \$ 46,750$ of the Majority Congress Committee's joint fundraising receipts from political comittees and $\mathbf{\$ 2 , 2 5 0}$ of its receipts from individuals were excess contributions and prohibited contributions, respectively, because they were not reallocated or refunded within sixty days of their receipt. The other $\$ 41,750$ is discussed in part IV, paragraph 10 above.
5. The Majority Congress Committee failed to timely file Memorandum Schedules $A$ to support a $\$ 400,000$ transfer-in of joint fundraising proceeds, in violation of 2 U.S.C. S $434(b)$.
6. The Wright Appreciation Fund accepted and
transferred $\$ 9,000$ in excessive contributions to the Congressman Wright Appreciation Committee, in violation of 2 U.S.C. s 441a(f) and 11 C.F.R. S 102.17.
7. The Wright Appreciation Fund accepted and transferred $\$ 2,250$ in impermissible contributions to the Majority Congress Committee, in violation of 11 C.F.R.S 102.17. The

Wright Appreciation Fund also transferred an additional $\mathbf{\$ 4 5 , 7 5 0}$ that when allocated pursuant to the joint fundraising agreement resulted in excessive contributions being received by the Majority Congress Comittee, in violation of 11 C.F.R. S 102.17. Respondents contend that these contributions could have been, and were, reallocated so that the contributions did not exceed the contribution limitations of the Act.
8. The Wright Appreciation Fund failed to file Memorandum Schedules $A$ to support $\$ 119,362.59$ in joint fundraising proceeds, in violation of 11 C.F.R. S 102.17.
VI. 1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of fifteen thousand dollars ( $\$ 15,000$ ), pursuant to 2 U.S.C. S $437 \mathrm{~g}(\mathrm{a})(5)(\mathrm{A})$.
2. Respondent Congressman Wright Appreciation Committee will file Memorandum Schedules A to support all joint fundraising proceeds.
3. As described above in Part IV, paragraph 12, Respondent Wright Appreciation Fund will file Memorandum Schedules A to support all joint fundraising receipts.
4. Respondent Majority Congress Committee will refund its allocable share of any currently unrefunded contribution found excessive under this conciliation agreement which Respondent Majority Congress Committee received via joint fundraising from Respondent Congressman Wright Appreciation Fund; and, subsequently, upon payment of all remaining expenses, Respondent Majority Congress Committee will refund all funds remaining in its depository to the Congressman Wright

Appreciation Committee.
VII. The Comission, on request of anyone filing a complaint under 2 U.s.C. $5437 \mathrm{~g}(\mathrm{a})(1)$ concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Comission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.
VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.
X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:


FOR THE RESPONDENTS:


Counsel for Respondents Congressman Wright Appreciation Committee Congressman Wright Appreciation Fund Majority Congress Committee


January 18, 1991
Date
federal election commission
WascumeIow, D.C. 2003

THIS IS TIE EN OF MR \# 3Qt/merifo 03117
DATE FIUED $2 / 82 / 21$ CCNERA NO. a/ CTVERAMAN AS

## FEDERAL ELECTION COMMISSION

## THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR $3 / / 7$.

# Wright Appreciation Committee 

Post Office Box $1413 \square$ Fort Worth. Texas 76101
February 22, 1991

Re: MUR 3117
Congressman Wright Appreciation Majority Congress Committee Wright Appreciation Fund

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

Dear Mr. Noble:
In compliance with the conciliation agreement, please find attached the following:

1. Check in the amount of $\$ 15,000$ - civil penalty;
2. Memorandum Schedules A from Congressman Wright Appreciation Committee covering joint fundraising proceeds from 1989;
3. Memorandum Schedules A from Wright Appreciation Fund covering joint fundraising proceeds from 1989;
4. Memorandum Schedules A from Majority Congress Committee covering joint fundraising proceeds from 1989;
5. Photocopies of check and letter from Majority Congress Committee to Texas Utilities Electric Company PAC refunding excessive contributions in the amount of $\$ 1,750$.

We trust that these responses will fulfill the requirements of the Commission and we may now proceed with filing termination notices with the Commission.

Sincerely,
Mayon B. Yaungleard Assistant Treasurer

# Wright Appreciation Committee 

Post Office Box $1413 \square$ Fort Worth. Texas 76101

Record of Attribution of Receipts of Joint Fundraiser held by Wright Appreciation Fund for period starting 10-20-88 and ending 12-31-89.

|  | Attribution to <br> Congressman Wright <br> Appreciation Committee | Attribution to <br> Majority Congress <br> Committee | Totals |  |
| :--- | :--- | :--- | :--- | :--- |
| Contributions received <br> from INDIVIDUALS (1la) | $\$ 40,235.00$ | $\$ 33,000.00$ | $\$ 73,235.00$ |  |
| Contributions received <br> from POLITICAL ACTION <br> COMMITTEES (11c) | $95,800.00$ |  | $15,200.00$ | $111,000.00$ |
|  | Totals | $\$ 136,035.00$ | $\$ 48,200.00$ | $\$ 184,235.00$ |

## FEDERAL ELECTION COMMISSION

## Feb. 26, 1991

TwO MAX MEKORNNDUK
TO: Fabre Brunsen QGC, Docket

FROE:
Philomena Brooks $2 B$ Accounting Technician

SUBJECt: Account Determination for Funds Received

Philomena Brooks Accounting Technician
We recently received a check from Connutter
$\qquad$ of $\frac{713}{}$, dared in the amount of $\$ 13,000$. ar. Attached is a copy of the check and any correspondence that was forwarded. please indicate below the account into which it should be deposited, and the MUR number and name.

## Fabre Bronson $30 B$

 OGC, DocketIn reference to the above check in the amount of
 which it ghould be deposited is indicated below:
_ Budget Clearing Account (OGC), 95F3875.16
Civil Penalties Account, 95-1099.160
Other:

signature


MAJORITY CONGRESS COMMITTEE
P. O. BOX 70183

WASHINGTON, D.C. 20024.0193

MBMORANDUM SCHEDULE A showing receipts from joint
MUJORITY CONGRESS COMPITTEE AND THE CONGRESSMAN WRIGHT APPRECIATION COYMITIEE.

Fon liNE Mumpen $11 a$


mani ce comarritit Rmo columns in last square - "CWAC" denotes Wright Appreciation Committee WRIGHT APPRECIATION FUND \& "MCC" denotes Majority Congress Comittee



MCC

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| Amoum of Ecent |
| 2000 |


Mrs. Bencion Neiss
702 Avenue $P$
Brooklyn, New York 11223


Deborah Neiss
702 Avenue $P$
Brooklyn, New York 11223
C)
$\nabla$


Charles Neiss
702 Avenue $P$
Brooklyn, New York 11223

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Gene Wood
2501 Ridgmar Plaza
Fort Worth, Texas 76116
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## WRIGHT APPRECIATION FUND





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WRIGHT APPRECIATION FUND



## WRIGHI APPRECIATION FUND

CWAC
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## WRIGHT APPRECIATION FUND





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## WRIGRT APPRECIATION FUND

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|  | Auto Dealers \& Drivers for Free Trade 153-12 Hillside Avenue Jamaica, New York 11432 |  | Deve (mometh$4-21-89$.00 | Amount of Each Remeder atio Porlod$5000$ |
|  |  | PAC |  |  |
| In | Bass Brothers Enterprises Political Ac <br> 2500 First City Bank Tower <br> Fort Worth, Texas 76102 | Name of Emplever <br> ion Comittee | Daw manal. Coy. verl$4-21-89$ | Ampuri of Evect10000 |
| $\begin{aligned} & n \\ & \therefore \\ & \cdots \end{aligned}$ |  | Coevneren <br> PAC |  |  |
| - | D. <br> The Political Action Comittee of Sher 3507 Copeland Drive <br> San Antonio, Texas 78219 |  | $4-24-89$$10.00$ | nmount of Eamnmene this harion$10000 \quad 5000$ |
| $\square$ |  |  |  |  |
| 7 | Carpenters Legislative Improvement Comu 101 Constitution Avenue, N.W. Washington, D.C. 20001 | Nome of Empory ittee |  | $\square$ <br> Anownt of Egen $5000$ |
| $n$ |  | Oceveration PAC |  |  |
|  | Laborers Political League 905 16th Street, N.W. Washington, D.C. 20006 | Nume of Employer | 000 (month.$5-12-89$.00 | Amount of Eech Recelpt thin Poriced$5000$ |
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 Auto Dealers \& Drivers for Free Trade 153-12 Hillside Avenue Jamaica, New York 11432


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Any informasion copied from weh hoportu end suatwmeme moy not be cold or usod by ony person for the purpoes of coliciting contributions or for commercial


NAME OF COMMITTEEE Iin Pulli
CONGRESSMAN WRIGHT APPRECIATION COMMITTEE


Any information copied from such Reports and Statements may not be sold or used by any person for the murpece of soliciting contributions or for commercial purposes, othor than using the name and eddress of any political commitice to solleh centrlbuzlom trom such cemmitten.

## NAME OF COMMITTEE (In Pull)

CONGRESSMAN WRIGHT APPRECIATION COMMITTEE


SUBTOTAL of Receipts This Page (optional)

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Any information copied from such Reports and Suttemente may not be seld or usad by any person for the purpose of soliciting contributions or for commercial purposen, other than using ihe name and eddrese of eny political committes to solick contritutions from such committet.
NAME OF COMMITTEE (II FUlI)

## CONGRESSMAN WRIGHT APPRECIATION COMMITTEE

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| :---: | :---: | :---: | :---: |
| Mel Levine for Congress 291 South La Cienega Boulevard, Suite Beverly Hills, California 90211 | U.S. House of Represen | aty yes) |  |
|  | Oceupption <br> Member of Congress |  | 2,000.00 |
| Receipt For: <br> Other (specity): |  |  |  |
|  | Acprejuse Yeerre-Dote $>3$ 2,000.00 |  |  |
| B. Full Name, Mailing Addrees and 2ip Code <br> Congressman Waxman Campaign Committee 360 South Kenmore Avenue, \#306 <br> Los Angeles, California 90020 | Nome of Employer <br> U.S. House of Represen | Date (month, tadervest | Amount of Each Recoipt this Pariod |
|  |  |  |  |
|  |  | 4-21-89 | 2,000.00 |
|  | Occupetion <br> Member of Congress |  |  |
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| C. Full Nome, Mailing Addreme and ZIP Code <br> Perry R. Bass <br> First City Bank Tower <br> Fort Worth, Texas 76102 | Neme of EmployerBass Brothers Enterpr | Date (month. day, year) <br> ses $4-21-89$ | Amount of Each Receipt this Period$2,000.00$ |
|  |  |  |  |
| Rectipt For:    <br> $\square$ Other (specity): Primery $x$ <br>   Genersl  | Oceupetion <br> CEO |  |  |
|  | Apgregest Y Yer-to-Date $>\$ 2,000.00$ |  |  |
| D. Full Namo, Mailing Addries and ZIP Code <br> Nancy Lee Bass <br> First City Bank Tower <br> Fort Worth, Texas 76102 | Neme of Employer NA | Date (month, doy, year)$4-21-89$ | Amount of Each Receipt this Period$2,000.00$ |
|  |  |  |  |
|  |  |  |  |
| Receipt For: x Primery x General <br> $\quad$ Other (specity):     | Occupation Housewife |  |  |
|  | Aogrogete Yeer-ro-Date $\gg$ 2,000.00 |  |  |
| E. Full Namo, Mailing Addremes and ZIP Code <br> Marshall Brachman <br> 3840 Bellaire Circle <br> Fort Worth, Texas 76109 | Neme of Employs Computerized Business Systems | Date (month. dey, vear)$4-21-89$ | Amount of Each Receipt this Period |
|  |  |  |  |
|  |  |  |  |
|  |  |  | 2,000.00 |
|  | Oocupation Owner |  |  |
|  |  |  |  |
| F. Full Name, Mailing Addraes and ZIP Code Dee J. Kelly 2500 First City Bank Tower Fort Worth, Texas 76102 | Neme of Employer Kelly, Hart \& Hallman | Date (month. day, year)$4-21-89$ | Amount of Each Receipt ithis Period$1,800.00$ |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  | Occupation Attorney |  |  |
|  |  |  |  |
|  | Aggregore Yeer-to-Date $>\$ 2,000.00$ |  |  |
| G. Full Name, Mailing Addrome and ZIP Code <br> Janice Kelly <br> 2500 First City Bank Tower <br> Fort Worth, Texas 76102 | Name of Employer NA | Date (month. dov. vear)$4-21-89$ | Amount of Each Receipt this Period |
|  |  |  |  |
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|  | OccupationHousewife |  |  |
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Any information copied from such Peperti and statememts may not be sald or used by any persen for the parpoes of solicising contributions or for commercial purposes, other than using the neme and addrew of any pollifieal commitice to solicit contributions from weh committeo.

## NAME OF COMMITTEE (in PuII)

## CONGRESSMAN WRIGHI <br> APPRECIATION COMMITTEE

| A. Full Name, Mailing Adtree and ziP Coto |  |  |  |
| :---: | :---: | :---: | :---: |
| Henry Stuart |  |  |  |
| 4505 Claire Chenn Dallas, Texas 752 | $8{ }^{\text {ult }}$ |  |  |
| Receipe For: <br> Torther (specity): | Primery | x | General |


| Neme of Emplover <br> Addison Alrport | Date imonth. dov, yeer) | Amount of Each Receipt this Period |
| :---: | :---: | :---: |
| Occupation | 4-21-89 | 1,800.00 |
| CEO |  |  |
| Acercente Yararto-Dato \$ \$ 2,000,00 |  |  |
| Nome of Employer | Dute (monsh. dev, vear) | Amount of Each Receipt this Period |

Mrs. Henry Stuart
4505 Claire Chennault Dallass, Texas 75248

NA

| Receipt Fcr | x | Primary | General |
| :---: | :---: | :---: | :---: |
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| Occupation <br> Housewife | $4-21-89$ |
| :--- | :--- |
| Ageregate Yer-to-Date $\gg 200.00$ |  |

200.00
C. Full Nemo, inestiing Addreme and ZIP Codo

William Head
3012 Pheonix Drive
Fort Worth, Texas 76116


| Name of Employer | Date (month. <br> dov, year) | Amount of Each <br> Receipt this Period |
| :--- | :--- | :--- |
| NA |  | 200.00 |

D. Full Neme, Mailing Addrees and ZIP Code
A. C. Long
P. O. Box 1214

Fort Worth, Texas 76101

| Aceregere Yemreo-Dote $>\$ 35.00$ |  |  |
| :--- | :--- | :---: |
| Neme of Employer <br> General Dynamics | Date (month. <br> dov. vear) | Amount of Each <br> Receipt this Period |
| Occupetion | $5-12-89$ | 100.00 |


| Receipt For: |
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| $\square$ Other (specify): |

E. Full Name, Mailing Addrem and ZIP Code

Thomas W. Harvey
4110 Thornapple Street
Chevy Chase, Maryland 20815

| Receipt For: |  |  |
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## NAME OF COMmitTEE (in Full) <br> CONGRESSMAN WRIGHT APPRECIATION COMMITTEE



## :EETORANDUM sCHEDULEA

## ITEMIZED RECEIPTS

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## NAME OF COMMITTEE (In FUIII)

CONGRESSMAN WRIGHT APPRECIATION COMMITTEE

| A. Full Mame, Malling Addren and 21 Cedo Coastal Employee Action Fund Nine Greenway Plaza Houston, Texas 77046 | Name of Emplover | Deste (month. doy, year) $3-22-89$ | Amount of Each Acceipt inis Period $10,000.00$ |
| :---: | :---: | :---: | :---: |
| Receipt For: Other (apecity): $\qquad$ | PAC <br> Alerreme Yearto |  |  |
| B. Full Name, Malining Addries and 210 Code KidsPAC, Inc. <br> 80 Trowbridge Street <br> Cambridge, Massachusetts 02138 | Name of Employer | Oxte (momth. doy, year) 3-22-89 | Amount of Each Receipt this Period $1,000.00$ |
| Recsipt For: <br> $\square$ Oiner (specify): $x$ Primary $\quad \square$ General <br> c. | PAC Acproune Yow- 10 |  |  |
| C. Fun Nomm, Malling Addromes and 21P Code <br> Transamerica Life Companies Political <br> 1150 South Olive No. T 2500 <br> Los Angeles, California 90015 | Meme of Employer ction Committ | Date (month. dov, year) 3-22-89 | Amount of Each Receipt this Period $2,000.00$ |
| Recsipt For: <br> $\square$ Other (specify): $x$ Primery $\quad \square$ General | PAC |  |  |
| D. Full Name, Mailing Addrem and ZIP Code <br> Responsible Citizens Political League <br> 3 Research Place <br> Rockville, Maryland 20850 | Neme of Emplover | Date (momh day, year) $3-24-89$ | Amount of Each Receipt this Period $2,000.00$ |
| Receipt For: $X$ Primary $\square$ <br> Other (specify):  | PAC <br> Ageregete Yewrro-D | $00$ |  |
| E. Full Mame, Mailing Addroes and ZIP Code <br> AFGE Political Action Committee 80 F Street, N.W. <br> Washington, D.C. 20001 | Nome of Employer | Date (month. dey, year) 3-28-89 | Amouni of Each Receipt this Period $1,000.00$ |
|  | PAC <br> Acer egate Yeer-to-D | $.00$ |  |
| F. Full Mamo, Mailing Addrees and ZIP Code Commodity Futures Political Fund 30 South Wacker Street Chicago, Illinois 60606 | Nerne of Employer | $\begin{aligned} & \begin{array}{l} \text { Date (month, } \\ \text { dev, vear) } \\ 3-28-89 \\ 3-28-89 \end{array} \end{aligned}$ | Amount of Each Receipt this Period $\begin{aligned} & 5,000.00 \\ & 5,000.00 \end{aligned}$ |
| Rectipt For:    <br> Other (specify): Primary x General | PAC | . 00 |  |
| G. Full Namo, Mailing Addroes and ZIP Code RJR Political Action Committee 1455 Pennsylvania Avenue NW, Suite 525 Washington, D.C. 20004 | Name of Emplover | Date (month. day, year) $3-28-89$ | Amount of Each Peceipt this Perrod $5,000.00$ |
| Recaipl For: $\quad[$ General | $\frac{\text { PAC }}{\text { Aggregate Year.to-Da }}$ |  |  |

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## NAME OF COMEITTEE (In FUUII)

CONGRESSMAN WRIGHT APPRECLATION COMMITTEE


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NAME OF COMmatrteE (in Full)
CONGRESSMAN WRIGHT APPRECIATION COMMITTEE


## がMUKitsvua

SCHEDULE A
showing attribution of foint fundraising contributions by Wright Appreciation Fund to Majority Congress Committee

FOA LINE NUMBEA $11 a$

Any information copigd from such heports and statwments moy not be sold or used by any persen for she purpece of colleiting contributions or for commercia: purposes, other then ueling the name and address of ony politieal committio so solicit contributions from such cemmittee,

## NAME OF COMMITTTEE (in FUMI)

MAJORITY CONGRESS COMMITTEE
A. Full Nomo, Malling Addrese and 21P Code

Berman for Congress
291 S. La Cienega Boulevard, Suite 212 Beverly Hills, California. 90211

| Name of Emplover House of Representativ | Date Imonth. dov, veer) | Amount of Each Receipt this Period |
| :---: | :---: | :---: |
|  | 4-21-89 | 1,000.00 |
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|  |  |  |  |  |
| Neme of Emplover <br> House of Representativ | Dace (month. doy. vear) | Amount of Each Receipt this Porioc$1,000.00$ |
|  | 4-21-89 |  |
| Occupation <br> Member of Congress |  |  |
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| Neme of Emplover House of Representativ | Dete (month. 8 dov, vear) | Amount of Each Receipt this Perioa$1,000.00$ |
|  | 4-21-89 |  |
| Occupation Member of Congress |  |  |
| Acoreupen Yeerto-Date $>8$ 1,000.00 |  |  |
| Neme of Employer Bass Brothers Enterprises | Date Imonth. dov, vearl $4-21-89$ | Amount of Each Receipt this Period $5,000.00$ |


| Receipr For: |  |  |
| :---: | :--- | :--- |
| $\Gamma$ | Other (specify): |  |

E. Full Name, Mailing Addres and 21P Code
Nancy Lee Bass
First City Bank Tower
Fort Worth, Texas 76102


| Receipt For: <br> $\square$ Other (specify) | Primary | L General |
| :---: | :---: | :---: |

G. Full Mame. Mailing Addrese and $21 P$ Code

Edward P. Bass
3100 First City Bank Tower
Fort Werth, Texas 76102
1

| Neme of Employer <br> NA | Deste Imomth, <br> dey, vear) | Amount of Each <br> Receipt this Period |
| :--- | :--- | ---: |
| Occupation | $4-21-89$ | $5,000.00$ |

Receipt for: ! Primery $\quad \square$ General
Occupation
Housewife

| Neme of Employor Addison Airport | Dare (month. doy, year)$4-21-89$ | Amount of Each Receipt inis Perico5,0ก7.00 |
| :---: | :---: | :---: |
|  |  |  |
| Occupation CEO |  |  |
| Aggregere Yeer-to-Date $>\$ 5$ | 0.00 |  |
| Name of Employer <br> Edward Bass Company | Date (month, day, year) | Amount of Each Recerp: this Pe:ras |
|  | 5-17-89 | 5,000.00 |

Occupation
President
Aperegate Yeer-ro-Date $>\$ 5,000.00$

Any information copied from such heports end Statements may not be sold or used by any persen for the purpese of cellehting consributions or for commerci.s purposes, other then using the name and eddress of any politieal committee to solicit contrlbutions from such committee.

## NAME OF COMMITTEE (in Full)

MAJORITY CONGRESS COMMITTEE


Bernard Rapoport
P. O. Box 2608

Waco, Texas 76797

## Recoipt for: Osher (epecity):

8. Full Namo, Melling Addrees and Zip Code

Audre Rapoport
P. O. Box 2608

Waco, Texas 76797


Any information copied from such Roports and Szatomante may not be sold of used by any perten for the purpece of soliciting contributions or for commerc.. purposes, other then using the name and eddress of eny pollitical committce to solleit contributions from such committec.

## NAME OF COMMITTEE lin Full) MAJORITY CONGRESS COMMITTEE

## MAJORITY CONGRESS COMMITTEE

14770 Maiden Court
Addison, Texas 75240 214/230-7688

February 21, 1991
Texas Utilities Electric Company PAC
2001 Bryan Tower, lith Floor
Dallas, Texas 75201
Dear Sir,
We have been instructed by the Federal Election Commission to
refund $\$ 1,750$ to your PAC which represents an excessive con-
tribution over the allowable limit of $\$ 5,000$. Contributions
were made to our Joint Fundraiser (Congressman Wright Apprecia-
lion Committee and the Majority Congress Committee) in November
1987 by your three affiliated political committees. The amount
we allocated to the Majority congress Committee was in excess
of the allowable limit and as a result we are enclosing a refund
check in the amount of $\$ 1,750$.
Your PAC contributions were as follows:
TESCO Division of Texas Utilities Electric. Company PAC - $\$ 5,000$
Texas Utilities Company, Texas Utilities Electric
Company \& Service Companies Energy Employees PAC
Texas Utilities Electric Company TUGCO Division PAC

Sincerely yours,
Alatutcunes
Robert N. Reeves
Treasurer

Enclosure

MAJORITY CONGRESS COMMITTEE
P. O. BOX 70193

WASHINGTON, D.C. 20024-0193
February 21,1991
PAY
TO THE
ORDER OF $\qquad$ Texas Utilities Electric Company PAC $\$ 1.750 .00$

One thousand, seven hundred fifty and 00/100 $\qquad$


MAJORITY CONGRESS COMMITTEE
P. O. BOX 701es

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THE FOLLOWING DOCUMENTATION IS ADDED TO THE PUBLIC RECORD IN CLOSED MUR 3117. $6 / 30 / 93$

The attached documents were generated in MUR 3010, which ultimately was merged into MURe 3117.

September 11, 1989

MEMORANDUM

TO:

THROUGH:

FROM:

SUBJECT:

LAWRENCE M. NOBLE GBNERAL COUNSEL
JOHN C. SURINA STAFF DIRECTOR

JOHN D. GIBSON/O ASSISTANT STAFF/DIRBCTOR REPORTS AKALYSIS DIVISION

REFERRRAL OF THE CONGRESSMAN WRIGHT APPRECLATION COMMITTEE

The Congressman Wright Appreciation Committee ("the PCC") has accepted and refunded apparent excessive contributions totalling $\$ 9,000$ during calendar year 1988 from three (3) principal campaign comnittees. All of the apparent excessive contributions were refunded more than sixty (60) days after the date of receipt. According to the 1987-1988 Reports Analysis Division Review and Referral Procedures for Authorized Comittees (Standard 3), this matter requires further examination by your office.

In addition, none of the contributing principal campaign committees meet the threshold for referral to your office.

The following information should help you when reviewing this referral and the companion referral of the Majority Congress Committee ("the PAC") (see RAD Referral $489 \mathrm{~L}-36 \mathrm{~b}$ ). The PAC is affiliated with the Wright Appreciation Fund ("the Fundraiser"), a joint fundraising committee which is also affiliated with the PCC. Based on a review of the Fundraiser's reports, the contributions did not appear to be excessive at the time of their receipt by the Fundraiser. The apparent excessive contributions resulted when the Fundraiser allocated the contributions and transferred the proceeds to the PAC and PCC.

The apparent excessive contributions were refunded by the PCC directly to the principal campaign committees. It does not appear that the PCC transforred the apparent excessive contributions to the Pundraiser in order for the refunds to be made by the Fundraiser.

In addition, the PCC and the PAC have reported certain transactions on their 1989 Reports that may be in violation of 2 U.S.C. S44la(a). The following is a summary of these transactions:

```
    January 25, 1989 - PAC reports the transfer of $46,750 to
                        the Fundraiser
    January 31, 1989 - PCC reports the transfer of $46,338.84
        from the Fundraiser
    February 1, 1989 - PCC then reports the transfer of $46,750
        back to the PAC
```

    Please note that the PAC has been notified of this possible
        excessive contribption; however, as of this date, the PCC has not
        been notified.
    If you have any questions regarding this matter, please contact Linda Tangney at 376-2480.

## Attachment

## REPORTS ANALYSIS REPERRAL <br> TO <br> OPFICE OP GENERAL COUNSEL

DATE: September 11, 1989
ATHLYST: Linda Tangney
I. COMMITTEE:
II. RELEVANT STATUTE:

Congressman Wright Appreciation Committee (C00012427)
Henry Kerry, Treasurer
P.O. Box 1413

Port Worth, TX 76101

2 U.S.C. S441a(f)
11 CFR 110.1 (b)

## III. BACKGROUND:

Acceptance of Apparent Bxcessive Contributions
The Congressman Wright Appreciation Committee ("the PCC*) has disclosed the receipt of apparent excessive contributions, totalling $\$ 9,000$, from three (3) principal campaign committees during calendar year 1988.

On November 11, 1988, the PCC submitted a cover letter and Memorandum Schedules A to support transfers-in from its joint fundraising committee, the Fright Appreciation Fund ("the Fundraiser"). 1 /he cover letter stated that the Memorandum Schedules A should be accepted as an amendment to the PCC's FEC reports covering the period of January 1, 1988 through October 13, 1983 (Attachment 2). The Memorandum Schedules a disclosed in the column labeled "CWAC" 2/ the receipt of apparent excessive contributions totalling $\$ 9,000$ from three (3) principal campaign committees (See Attachments 3, 4, 5, 6 and Chart). The apparent excessive contributions received on January 22, 1988 were designated for the primary election and the contributions received on October 13, 1988 were designated for the general election.

1) The Wright Appreciation Fund is a joint fundraising committee that was established by the PCC and the Majority Congress Committee ("the PAC") a non-party, multicandidate comittee =

2/ This column listed the amount of the contribution to be allocated and transferred to the PCC.

# CONGRESSMAN WRIGHT APPRBCIATION 

 COMMITTEEREPORTS ANALYSIS OGC REFERRAL PAGE 2

On February 28, 1989, a Request for Additional Information ("RPAI") was sent to the PCC. The RPAI informed the PCC of the apparent excessive contributions disclosed on their report. The RFAI stated that the PCC may wish to provide clarifying information regarding the apparent excessive contributions, and to notify the Commission in writing if any refunds were necessary. The RFAI also informed the PCC that while the Commission may take further legal steps, prompt action by the PCC to refund the apparent excessive contributions would be taken into consideration (Attachment 7).

On March 20, 1989, Marjorie Youngblood, the Assistant Treasurer, telephoned a Reports Analysis Division ("RAD") analyst and stated that PCC members had been unaware that the committees in question were not multicandidate committees. The analyst explained that the apparent excessive contributions were from congressional campaign comaittees, and therefore, subject to the $\$ 1,000$ per election imitation. The analyst also stated that it appeared that refunds should be made because all three (3) congressional campaign committees had given more than the $\$ 1,000$ allowed for each election. Ms. Youngblood stated that they would contact the committees in question, and respond to the Commission as soon as possible (Attachment 8). When no written response was received, the PCC was sent a Second Notice on March 23, 1989 (Attachment 9).

On March 30, 1989, a written reponse was received from the PCC. The response stated that "contact with the committees in question revealed that they are not multicandidate committees, and are, therefore, subject to the same limitation on contributions as individuals $(\$ 1,000$ per candidate per election). We have (copies of checks attached) refunded to the three comaittees in question the amount of their contributions which exceeded the contribution limits. Our next report to the Federal Election Commission will reflect these refunds" (Attachment 10). The response included copies of three (3) refund checks dated March 22, 1989 made out to each of the three (3) principal campaign committees for $\$ 3,000$ each (Attachment 11). The 1989 Mid-Year Report also disclosed the three refunds; however; each $\$ 3,000$ refund was designated for the primary election (Attachment 12).

On June 6, 1989, an RPAI was sent to the PCC regarding the $\$ 66,000$ transfer-in from the Fundraiser disclosed on the 12 Day pre-General Report. The RPAI noted that Schedule A disclosed the transfer-in date as October 7, 1988; however.

## CONGRBSSMAN WRIGHT APPRECIATION COMMITTEE <br> REPORTS ANALYSIS OGC REFERRAL <br> PAGE 3

the Memorandum Schedules A supporting this transfer-in disclosed contributions from the three (3) principal campaign committees with receipt dates of October 13, 1988. The RFAI requested clarification regarding why the receipt dates were later than the transfer-in date (Attachment 13). When no response was received, the PCC was sent a Second Notice on June 29, 1989 (Attachment 14).

On August 29, 1989, the analyst tried to telephone Marjorie Youngblood, but was informed by a recording, that the telephone had been disconnected (Attachment 15).

To date, no responses have been received.
IV. OMHER PENDTNG MATTERS INTTIATBD BY RAD:

None.

## CHART

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1/ The PGC reported these committees with the words "Political Action Committee" as part of their nama.
$2 /$ The Behedule 8 of the 1989 mid-Year Report diselesed that the full amount of the refunds wat designated for the primary election.



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All reports have been reviewed (PCC).
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<br>Nlevember 10, 1938

Re: Congresman Wright Appreciation Committee FEC ID ©C00012427

4
Wright Appreciation Fund
FEC ID OC000222307
Clerk, U. S. House of Representatives Office of Records and Registration 1036 Longworth House office Building Washington, D.C. 20515

## 185521

Dear Sir:
Please accept the attached Memorandum Schedule A as an enendent to our Fib reports covering the period froe January 1,1988 through October 13, 1998. Also attached is a record of the diatriluion of tecelpte and Expenditures of Joint Fundraiser held by Wright Appreciation That - the net receipts divided between the Congreseman Wright Appreciation Comittee and the Majority Congress Comittee, with approximately 308 going to the Wright Appreciation Comittee and 702 to the Majority Congress Conititee.

Additionally, it would be appreciated if you would substitute the attached Henorandu Schedules a for the appropriate pages indicated In the amended report seat to you on August 31, 1988. These are pages 33, 89, 91, 117 and 130 for Line Member 11a, and pages 12, 16 and 27 for Line limber le. These will correct eoe errors which were node in the previous report.
stacerely,


Wright Appreciation Conterite

Movemer 10, 1988

Aecord of Dietribution of Receipts of Jofat Theirateer held by Wright Appreciation Fund for calendar year 1987 and the peried froe Jenuary 1 through Betober 13, 1988

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## - Dear Mr. Eerryz

Fhis letter is prompted by the Comiasion's preliainary revien of the report (b) referenced above. The review raised questions ooncerning oertain information contained in the report (s). An itemisation followss
-Schedule a of your report (pertinent portion attached) ilscioses a contribution(s) which appears to encesd the linits eet forth in the ict. in individuel or a political comaittee other than a gualified multicandidate comittee may mot mate a contribution to - candilate lor Federal effice in emoese of 82,000 per election. The cern "contribution" Includes any gift. subseription, Loan, advance, or cloposit of money or anything of value mode by eny person for the purpose of iniluencing any election for Poderal office. ( 2 v.s.C. s3441a (a) and (f); 11 CRR $120.1(\mathrm{~b})$, ( e ) and ( k$)$ )

If the contribution(s) in question ves incoapletely or incorrectly ilselesed, you ahould anend your original report with the elarifying intornation. If the contribution (s) you seepived emopeds the lisiks, you ohould either selund to the lonor the amount in eropas of 81,000 or eet the fonor to resesignate andor reattribute the contribution in writim. all refunds, redesignetions, and reattributicas must be sabs within ilisty lays of the treasurer ${ }^{\circ}$ s recelgt of the contribution. Dopies of cetima ehocks and eopies of letters reattributing or rodegignating the contributions in guestion bay be esed to reoppod to this letter. Tofunds are reported on hime 20 of the
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Iedenignations and reattributions are reported se neo entries on schedule a of the roport covering the period In enteh the enthorisetion ger the zehesfenatien modor reateribution is reoelved. (111 Cif 101.0(b) (2), (3) and (6))

Although the Comission may take further legal stops, prompt astion by you so gefund or seek redesignation endpor renttribution of the emceselve moout fil2 he taken into consideration.

A written response or an anendsent to your original report (o) oorrecting the above problea (s) should be filed with the Clork of the Fouse of iepresentetives, 3036 sompuorth mouse Office Duiliing, washington, bc 20515 fichin IIfteen (15) days of the bate of this letter. If you need assistance, please feel gree to contact te on our toll-free number. ( 800 ) $\mathbf{4 2 j - 9 5 3 0 . ~ W y ~}$ local number is (202) 375-3480.

> sincerely,
> filodia fapzgpilif
> sinda Tangney seports Analyst meporte Analysis Diviaion

MEMORANDUM TO FILES:
TELECOM $x$
VISIT
WAME OF COWMITTEE: Congressman Wright Appreciation Committee
SUBJECT: Acceptance of excessive contributions

FEC REP: Linda Tangney
COMMITTEE REP: Marjorie Youngblood, Assistant Treasurer

Today Marjorie Youngblood telephoned and stated that committee members had been unaware that the Berman Committee, Levine Committee, and the Waxman Committee mere not multicandidate committees. I explained that since the contributions were from congressional committees, they would be subjected to the $\$ 1000$ per election contribution limitation. I also explained that it appeared that refunds should be made to these commfttees since the committees had already contributed more than the $\$ 1000$ allowed for each election. Ms. Youngblood stated they would contact these committees, and respond to the Commission as soon as possible.


FEDERAL ELECIION COMMISSION
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Bear Mr. Eergy:
This letter is to Intorn you that as of March 22, 1909, the Cenalsaion has not seoelvad your seaponse to our seguest for aditional Infornation, fated February 20, 1989. That notice requested information eseential to fall pabile Aisclosure of your Federal eloction tinancial ectivity and to ensure compliance with provisions of the Peserel ?iection Ceppelgn act fthe net). oopy of our original request is encloend.

If no response to received vithin fifteen (15) Aays fron the late of this notioe, the Conission may choose to initiate audit or legel enforcenent eetien.

If you should have any guestions related to this antter, please contact Linda Tangney on our coll-free munber (ti00) 424m 0330 or our local mumber (202) 376-2480.

8ineerely,


John D. Bibeon Aesistant Scaft Director Beports Amelysis Division

Enclesure

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Marcel 28, 1989

Mr. John D. Gibeon
Assistant Staff Director Reports Analysis Division Federal Election Companion Washington, D.C. 20663

Be: Amended April Quarterly (2/18/88-3/3y\% 88 ) Tiegorts dated 11/10/88 Identification Number: $\operatorname{copor12027}$


This letter is in response to your March 23, 1989 letter and one fr - Linda Tangney dated February 28 regarding contributions our Comittee received in 1998 from three separate political action comitcees which appeared to be in excess of limits set forth in the Act.

Contact with the committees in question revealed that they are not multicandidate committees, and are, therefore, subject to the same ifinitacion on contributions as individuals ( $\$ 1,000$ per condsdete per election). We have (copies of checks attached) refunded to the three committees in question the amount of their contributions which exceeded the contribution lists. Our next report to the Federal Election Commission will reflect these refunds.

I have been in telephonic communication with Linda Tengney about this aster, and it is my understanding that this is the appropriate manner for handling this. Please contact our conatttee at ( 817 ) 763-8470 should this not be sufficient or if there are any further questions.

Sincerely,





## 1989 MID-YEAR REPPORT




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FEDERAL ELECTION COMMISSION
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Teary lerry, Treasurer
Congressmen Wright Appreciation
Collttee
P.O. BOX 1413

Fort Morth, $5 \times 76101$
TAentification thumber: C00012427
Beference: 12 bay Pre-Generel ( $10 / 2 / 88-10 / 19 / 88$ ) and Amended 12 Day Pre-General $110 / 1 / 88-10 / 19 / 88$, dated $11 / 10 / 88$ ) tleports

Dear Mr. Rerryz
This letter is proapted by the Conelssion's further review of the report(s) referenced above. The reviev raised questions concerning eertain information contained in the report(s). An ftemization follows:
-Schedule a supporting Line 12 of the Detailed Sumaary
Page discloses a $\$ 66,000$ transfer in froo the Wright
Apprecistion Tund on October 7. 1988. On Memorandum
schedule a supporting this transfer, you Aisclose
contributions froe Berman for Congress Comaittee, Mel
Eevine for Congress Comitttee, and Congressmen Werman
Campaign Comittee with a receipt date of October 13,
1988. These contributions appear to have been received
after the transfer-in date of October 7. 1988. Please
clarify this discrepancy.

A written response or an amendment to your original report(s) correcting the above probleafs) should be filed with the Clerk of the Bouse of Representatives, 1036 Longworth Bouse Office Building, Washington, DC 20515 within fifteen (15) days of the date of this letter. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530. Ny locel nuaber is (202) 376-2480.

Sincerely,


43-3
Ten 39, 2000

# inky Merzy. Fropeurer <br> prinese <br> P.0. Das 1418 <br> Rett morth, er Tesen 

Stontificeticu tumper: ceperge29


## Eear 解。 Ferty

This Ietcer is to intore you chat as of June 20, 1909, the Cunigaice the not sepelved four seaponse to our cervest for EAStional intormation; fatod June $\delta, 190$. nint netice sequested Information emential to 2 uli poblic ilvolemare of your Teural eloetion financial cetivity and to onase eomplienoe pith grovisions of the Feleral Flection Capplgn set (the Aet). A opp of our exlgifal reguest 19 enolosed.

I2 mo responee is reeeived within fitceen (15) lays sroe the late of chis motioe, the Comission may ohoope to fastiate andt or legel enforcement action.

IE you shoula have my gueations related to this gatter, please contact zinda sangiey, on our toll-iree aunter (800) 4245530 or our loenl nuaber (203) 316-2480.

Bineerely,

## Enelesure

## MEMORANDUM FOR FILES: TELECON

```
    BPBJBCT: Request for Additional Information on the
        1988 Pre-General Renorts
TaOM: Linda Tangney
2O: Marjorie Youngblood
GNME OF COMMITTEE: Congressman Wright Appreciation Committee
DATE: 8/29/89
    (917)924-1830 (Texas office nurher)
```

        I tried to telephone Marjorie Youngblood, but was informed by a recording
        that the telephone had been disconnected.
    
# Wright Apprecanton Committee $^{\text {and }}$ 

Post Office Box $1413 \square$ Fort Worth, Texas 76101

December 6, 1989

Mr. Danny L. McDonald<br>Chairman<br>Federal Election Commission<br>999 E Street, NW<br>Washington, D.C. 20463

Dear Mr. McDonald:
In response to your letter dated November 30 , 1989 with reference MUR 3011, Wright Appreciation Fund and Craig Rape, as Treasurer, this is to request a delay in supplying the information required. Mrs. Youngblood is out of the city until December 10. It will of course take a few days after her return to gather the information needed to respond to your inquiry.

Additionally, Robert N. Reeves, Treasurer of che Majority Congress Committee, has notified our office of a similar letter he has received from you. Since he will need to be in direct contact with Mrs. Youngblood to ensure a complete response to you, we also request a delay in supplying the information required for the Majority Congress Committee.

Thank you very much for your assistance.
Yours truly,


Norma J. Ritchson

Wright Appreciation Committee

Post Office Box $1413 \square$ Fort Worth, Texas 76101

December 6, 1989

Mr. Danny L. McDonald
Chairman
Federal Election Commission Washington, D.C. 20463

Dear Mr. McDonald:
In response to your letter dated November 30, 1989 with reference MUR 3011, Congressman Wright Appreciation Committee and Henry Kerry, as Treasurer, this is to request a delay in supplying the information required. Mrs. Youngblood is out of the city until December 10. It will of course take a few days after her return to gather the information needed to respond to your inquiry.

Yours truly,

Norma J. Ritchson

FEDERAL ELECTION COMMISSION
washingtov DC 2046

December 14, 1989

Mr. W. Edwin Youngblood, Treasurer Wright Appreciation Fund P.O. Box 1413

Fort Worth, Texas 76101
RE: MUR 3011
Wright Appreciation Fund and 7 . Edvin Youngblood, as Treasurer

Dear Mr. Youngblood:
This is in response to the letter dated December 6, 1989, from Norma J. Ritchson, which we received on December 11, 1989, and telephone conversation with Ms. Ritchson and Ms. Youngblood on December 14, 1989, requesting an extension of twenty days to respond to the Commission's interrogatories and request for production of documents. 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 January 8, 1990.

If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,
Lawrence M. Noble General Counsel

BY:
 Assistant General Counsel

FEDERAL ELECTION COMMISSION
washingtion dC 20463

December 14, 1289

Mr. Henry Kerry, Treasurer
Congressman Wright Appreciation Comattee
P.O. Bot 1413

Fort Worth, Texas 76101
RE: MUR 3011
Congressman Wright
Appreciation Comittee and
Henry Kerry, as Treasurer
Dear Mr. Kerry:
This is in response to the letter dated December 6, 1989, from Norma J. Ritchson, which we received on December 11, 1989, and telephone conversation with Ms. Ritchson and Ms. Youngblood on December 14, 1989, requesting an extension of twenty days to respond to the Commission's interrogatories and request for production of documents. After considering the circunstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on January 8, 1990.

If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Lawrence M. Noble General Counsel

BY: George F. Rishel
Assistant General Counsel

FEDERAL ELECTION COMMISSION
washing ion DC 20463

December 14, 1989

Mr. Robert N. Reeves, Treasurer Majority Congress Committee
P.O. Box 70193

Washington, DC 20024

```
RE: MUN 3011
Majority Congress Committee and Robert N. Reeves, as Treasurer
```

Dear Mr. Reeves:
This is in response to the letter dated December 6, 1989 , from Norma J. Ritchson, which we received on December 11, 1989, and telephone conversation with Ms. Ritchson and Ms. Youngblood on December 14, 1989, requesting an extension of twenty days to respond to the Commission's interrogatories and request for prorluction of documents. 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 January 8, 1990.

If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,
Lawrence M. Noble General Counsel


BY: George F. Rishel
Assistant General Counsel

Brand \& Lowell
A pmortssomai componarion
923 FIFTEENTH STREET, N.W.
WASHINGTON, D.C. 20005

January 8, 1990

BY HAND DELIVERY<br>Elizabeth Campbell, Esquire Assistant General Counsel<br>Federal Election Commission<br>999 E Street, N.W. Washington, DC 20463

TELEPHone: ( zzz, sez-9T00


## Re: Matter Under Review 3011

Dear Ms. Campbell:
The Congressman Wright Appreciation Committee (the "Committee") and the Congressman Wright Appreciation Fund (the "Fund") have very recently contacted Brand \& Lowell regarding their responses to requests by the Federal Election Commission for written answers and for documents in the above-referenced matter under review. The Fund and the committee have indicated that they wish to retain Brand \& Lowell to finalize these responses. They will be transmitting to you a designation of counsel form today.

We have learned that the Fund and the Committee were to respond to these requests by today, January 8, 1990. Due to an unanticipated illness of the individual compiling the documents and responses on the Fund's and the Committee's behalf, as well as the intervening holidays, however, Brand Lowell has not yet had an opportunity to review and finalize the written answers and document production. We believe that an extension of time would allow us to ensure that any response filed will be as substantive and helpful to the Commission as possible.

For these reasons, and because designation of counsel has not yet occurred, the Fund and the Committee respectfully request an extension of time until January 19, 1990, or whatever time the Commission shall designate, to respond to the requests for written answers and documents.

Thank you very much for your prompt attention to this matter. If you have any questions, please do not hesitate to telephone either me or Stanley Brand at 662-9700.



The above-named Individual is hereby designated as my couneel and is authorised to reoeive any notificetiens and other commaieations froe the Condeston and to act on my bols Botore. the Cenalsaion.

1-6-90

## Exspompers'

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Congreasaman Wright Appreciation Commitea
and kenry kery, Treasturer
E Marforie B. Youngblood, Assietant Treagurer
P. O. Box 1413

Fort Worth, Texas 76101
(817) 926-9628
(e17) 334-3450


The abovernamgd Individual is hereloy dealgnated as ay oouneel and is antheriged to receive any notilientions and, other commanseations from the Conmisalon and to att on mphote biforio. the Comelustea.



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Fon Worth, Jexse 28102

## Emptar af Congras

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14. 3 Eisil

| DATE: |
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| FOA |
| FAX NO. $1-8-90$ |
| FROMs |

Pages to follow (excluding cover sheet)

IF YOU HAVE AMY QUESTIONS, PLEASE CNLL MRRGE YOUNGALOOD AF (817) 334-3450 corentrys:

Fobert 8 . Rocvon, Mrnmaturer for the Majority
Congress Comittee, is being contacted and
requested to send you a designation of counmel

## from the McC.

OUR FAX NUMBER IS (817) 334-3714

## FEDERAL ELECTION COMMISSION

January 11, 1990

David E. Frulla, Esquire
Brand \& Lowell
923 Fifteenth St., N.W.
Washington, D.C. 20006
RE: MUR 3011
Congressman Wright
Appreciation Committee and Henry Kerry, as Treasurer; Wright Appreciation Fund and W. Edwin Youngblood, as Treasurer; and Majority Congress Committee and Robert. N. Reeves, as Treasurer

Dear Mr. Frulla:
This is in response to your letter of January 8, 1990, and a similar request from Robert Reeves, treasurer of the Majority Congress Committee, requesting an extension of eleven days to respond to the Commission's request for interrogatories and production of documents. 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 January 19, 1990.

If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,
Lawrence M. Noble General Counsel


David E. Frulla, Esquire Brand t Lowell 923 Fifteenth St., N.W.
Washington, D.C. 20006

> RE: MUR 3011
> Congressman Wright
> Appreciation Committee and Henry Kerry, as Treasurer;
> Wright Appreciation Fund
> and W. Edwin Youngblood,
> as Treasurer; and Majority Congress Commitcee and Robert N. Reeves, as Treasurer

Dear Mr. Frulla:
This is in response to your letter of January 8, 1990, and a similar request from Robert Reeves, treasurer of the Majority Congress Comittee, requesting an extension of eleven days to respond to the Commission's request for interrogatories and production of documents. 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 January 19, 1990.

If you have any questions, please contact Elizabeth Campbe11, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,
Lawrence M. Noble
General Counsel
E.C.

BY: George F. Rishel
Assistant General Counsel

January 10, 1990

Ms. Elizabeth Campbell, Esquire office of the General Council Federal Flection Commienion
Washington D.C.
RE: MUR-3011
Dear Ms. Campbell:
Please consider this a formal request of the Majority Congress Commatte for an extension of time to prepare records in the MOR-3011 case. We would appreciate an extension until January 19, 1990.

Thank you for your cooperation in this matter.
Very sincerely, PhlituRemen
Robert s. Reeves
NR: 1 s

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FAX MESSAGE:

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(202) 376-5280
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TO $z$

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DATE:

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PAX MESSAGE:

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(202) 376-5280
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TOt
Ehzuberd CAMPhEll Consen Kbbert N. REevas

DATE: $\qquad$

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& \text { COMMITEE. }
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MBSSARK:
EYTENTION OF TIME
MUR-3OI

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MuR 3011 &. }300
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ADDRESS:
    David E. Frulla
    923 15th Street, N.W.
    Washington, DC }2000
    202/662-9700
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90 JAN 10 AM IO: 31

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and. other communications from the Comission and to act on my behalf Before the Commission.



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 conecrirs,


OUR FAX MUNER IS (817) 334-3714


The above-nemed individual to hereby designated as my counsel and is authorized to receive any notificetions and. other conounications from the Comisaton and to aet on aithere Bitore the Comitesien.
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 Ancmets:

BRAND \& LOWELL
a morkssiomal componarion 923 FIFTEENTH STREET, NW. WASHINGTON, D.C. 20005

90 JAN 17 AM 10: 50

TELEPHONE: (202) 662-9700
TELECOPIER: (202) 737-7565

January 16, 1990
BY PACBIETLE, ORIGTIDL BY MRI
Elizabeth Campbell, Esquire
Assistant General Counsel
Federal Election Commission
999 E street, N.W.
Washington, DC 20463
Re: Matter Under Review 3011
Dear Ms. Campbell:
As we discussed by telephone today, we have been retained by the Congressman Wright Appreciation Committee, the Congressman Wright Appreciation Fund, and the Majority Congress Committee to respond to the Federal Election Commission's interrogatories and document requests in the above-captioned matter under review. In this regard, you informed me that you have received designation of counsel forms for us.

We were retained on January 8, 1990, to assist the three committees in responding to the Commission's discovery requests. Late that day, I requested an eleven-day extension of time to file the responses, which I proposed would be due on January 19, 1990. I am writing today to respectfully request an additional extension until January 29, 1990, to respond. An extension until that date would afford us a twenty-day time period in which to review the materials the committee have submitted to us, and to formulate responses and compile these documents in a clear and helpful fashion.

Thank you very much for your attention to this matter. If you should have any questions, please do not hesitate to telephone me or Stanley Brand at 662-9700.


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IF You have ant qupsetors, pranse cant mases youmeatiod ar (817) 33e-3450 Cowemens: $\qquad$
$\qquad$
$\qquad$
$\qquad$

OUR FAX WUNBER IS (817) 334-3714

This is the original copy of 'Statement of Designation of Counsel" signed by Robert N. Reeves. It was sent to you by fax this date, and we adyised Mr. Reeves of your telephone call.

## MUN

 3011mare Coomerife Stanley M. Brand, Esquire ADDRESS: David E. Frulla, Esquire Brand \& Lowell 923 Fifteenth Street, N.W. Washington, D.C. 20006

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and, other commaications from the Comalsaion and to act on my behalf Before the Contagion.



## FEDERAL ELECTION COMMISSION

WASHINGTON, DC. 20463

January 18, 1990

David E. Frulla, Esquire
Brand \& Lowell
923 Pifteenth St., N.W.
Washington, D.C. 20006
RE: MUR 3011
Congressman Wright
Appreciation Committee and Henry Kerry, as Treasurer; Wright Appreciation Fund and W. Edwin Youngblood, as Treasurer; and Majority Congress Committee and Robert N. Reeves, as Treasurer

Dear Mr. Frulla:
This is in response to your letter dated January 16, 1990 , requesting an additional extension of ten days to respond to the Commission's request for interrogatories and production of documents. 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 January 29 , 1990.

If you have any questions, please contact Elizabeth Campbell, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,
Lawrence M. Noble
General Counsel


## Brand \& Lowell

a moor tensional componation
923 FIFTEENTH STREET, N.W. WASHINGTON, D.C. 20005

January 30, 1990

## BY BAND DELIVERY

Elizabeth Campbell, Esquire Assistant General Counsel Federal Election Commission 999 E Street, N.W. Washington, DC 20463

Re: Matter Under Review 3011
Dear Ms. Campbell: responses of the Congressman Wright Appreciation Committee and the Congressman Wright Appreciation Fund in MUR 3011.


DEF:1dm Enclosures

AFFIRMATION
I affirm that the foregoing Response of the Congressman Wright Appreciation Committee to the request of the Federal Election Commission for written answers in connection with its Matter Under Review 3011 is true and correct to the best of my personal knowledge, and that the documents attached hereto reflect true and accurate copies of documents in possession of the Congressman Wright Appreciation Committee responsive to the Federal Election Commission's request for documents relating to its written questions.

Dated: January 29, 1990


Subscribed and Sworn to Before Me This
29 th day of January 1990


My Commission expires:


## AFFIRMATION

I affirm that the foregoing Response of the Congressman Wright Appreciation Fund to the request of the Federal Election Commission for written answers in connection with its Matter Under Review 3011 is true and correct to the best of my personal knowledge, and that the documents attached hereto reflect true and accurate copies of documents in possession of the Congressman Wright Appreciation Fund responsive to the Federal Election Commission's request for documents relating to its written questions.

M Dated: January 29, 1990

Subscribed and Sworn to Before Me This
$\qquad$ th day of January 1990
 My Commission expires: $5 \cdot 2493$


# BRAND \& LOWELL 

a pmoresaional componation
923 FIFTEENTH STREET, N.W.
WASHINGTON, D.C. 20005

February 2, 1990

## BY HRND DELIVERY

Elizabeth Campbell, Esquire Assistant General Counsel Federal Election Commission 999 E Street, N.W. Washington, DC 20463


Re: Matter Under Review 3011
Dear Ms. Campbell:
Per your request by telephone yesterday, I enclose a full copy of the response of the Majority Congress Committee to the Commission's request for documents and mritten answers. You indicated that the copy which you received on Monday was missingo a page, and I apologize for that.

I also enclose a copy of the check dated January 25, 1989, in in the amount of $\$ 46,750$, which was issued by the Majority Congress Committee to the Congressman Wright Appreciation Fund. As described in the submissions of the various committees (and on the check itself), the funds the check represented constituted $\$ 43,750$ in reallocations between the fundraising participants and a $\$ 3,000$ reimbursement to the Appreciation Fund for its share of refunds made by the Appreciation Fund on the Majority Congress Committee's behalf. This check was referenced on page 3 of the submission filed on behalf of the Congressman Wright Appreciation Fund.

You also asked for a further explanation for the basis on which certain funds were transferred from the Wright Appreciation Committee to the Majority Congress Committee. As I stated yesterday, we did not draft the joint fundraising agreement, nor did we advise the various committees on the transferring of funds among them. Thus, before providing you an answer, I must contact the attorneys who represented the committees at the times the transfers occurred, so that I can ensure that the answer to your question is accurate. I will do this today, so that I can communicate an answer to you quickly.

## Brand \& Lowell

Elizabeth Campbell, Esquire February 2, 1990 Page Two

Also, as we discussed today, I will forward to you next week any request for conciliation the committees may ultimately choose to pursue. Thank you very much for your patience.


Enclosures

MAJORITY CONGRESS COMMITTEE
P. 9. \$0x 70135 WABMINGTON, D.C. ROD2c-0TES

PAY
Tome omen . Wright Apprectation Fund
January 25. 1989.

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hundred and firty-
$1546,750.00$

Fon Covers reattribution/PAC returns


## BEFORE THE FEDERAL ELECTION COMMISEION OF THE UNITED STATES OF AMERICA

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In the Matter of
The Congressman Wright
Appreciation Committee,
Henry Kerry,
    Its Treasurer,
The Congressman Wright
Appreciation Fund,
Craig Raupe,
    Its Treasurer }\mp@subsup{}{}{1
The Majority Congress
Committee,
Robert Reeves,
    Its Treasurer
```

Matter Under Review 3011

RESPONSE OF MCC TO COMMISSION REQUEST FOR WRITYTEN ANSWERS
The Majority Congress Committee (the "MCC/PAC") and Mr.
Robert Reeves, its treasurer, hereby respond to the order of the Federal Election Commission (the "Commission") to submit written answers to questions and documents relating to joint fundraising efforts involving it, the Congressman Wright Appreciation Committee (the "WAC/PCC"), and the Congressman Wright Appreciation Fund (the "WAF/Fundraiser").

1. Submit a copy of the joint fundraising agreement between the Congressman Wright Appreciation Committee and the Majority Congress committee.

A copy of the joint fundraising agreement is attached hereto, behind Tab 1.
${ }^{1}$ Mr. Raupe passed away in October of 1988. He has been replaced as Treasurer of the WAF by Mr. W. Edwin Youngblood.
2. Identify the contributions reallocated from the Majority Congress Committee to the Congressman Wright Appreciation Committee. Include:
a) the name of the contributor
b) the date of the contribution
c) the date of the reallocation; and
d) the amount reallocated.

See chart attached, behind Tab 2. The MCC and the WAF are investigating the contributions from the Texas Utilities Electric Political Committees and will forward to the Commission any information discovered.
3. State the date the reallocations were actually received by the Congressman Wright Appreciation Committee.

The reallocations were made in late January of 1989. The MCC/PAC issued a check dated January 25, 1989, to the WAF/Fundraiser in the amount of $\$ 46,750, \$ 43,750$ of which -- as is stated on the check which is attached hereto, behind Tab 3 -was for reallocation to the WAC/PCC. The WAF/Fundraiser then transferred-in $\$ 46,338.84$ to the WAC/PCC on January 31, 1989, as a final distribution of funds from the WAF/Fundraiser for the 1987-88 election cycle, which amount included the reallocation from the MCC/PAC.
4. Identify the contributions refunded by the Majority Congress Committee, or by the Wright Appreciation Fund on behalf of the Majority Congress Committee. Include:
a) the name of the contributor;
b) the date of the contribution;
c) the amount refunded; and
d) the date of the refund.
i) Gadsden County Democratic Executive Committee: The

Gadsden County Democratic Executive Committee contributed $\$ 1,000$ by check dated June 11, 1987, although this contribution check
was apparently held by the contributor and not received by the WAF/Fundraiser until on or about September 22, 1987, when it was deposited. The WAF/Fundraiser refunded the entire amount of this contribution on August 31, 1988.
ii) Committee for a Better Boston: The Committee for a Better Boston issued a check dated October 26, 1987, for $\$ 2,000$ to the Wright Appreciation Fund. The WAF/Fundraiser refunded the entire amount of this contribution on August 31, 1988.
iii) Texas Rural Water Political Action committee: The Texas Rural Water Political Action Committee issued a check dated October 27,1987 , for $\$ 1,000$, to the Wright Appreciation Fund, which refunded it in its entirety on August 31, 1988.
5. Disclosure reports filed with the Federal Election

Commission indicate that you received contributions from four unregistered organizations, namely the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, Texas Rural Water PAC, and the Texas Independent Nursing Home Association. Indicate whether these committee have a separate account for federal activity. If not, demonstrate that contributions made by these committees included only funds subject to the limitations and prohibitions of the Federal Election Campaign Act of 1971, as amended.

When Speaker Wright's campaign staff learned that the Gadsden County Democratic Executive Committee, the Committee for a Better Boston, and the Texas Rural Water PAC did not have a separate account for federal activity, out of an abundance of caution for which it should not be penalized, the WAF/Fundraiser refunded the entire contributions immediately thereafter. Thus, it is immaterial from the WAF's perspective whether or not these
donor political committees internally allocated between funds subject and not subject to the Act.

As regards the Texas Independent Nursing Home Association, the November 19, 1987, contribution was inadvertently reported on Line 1lb, Item B of the WAF's year-end Schedule A, which is intended for disclosure of party committee contributions. Despite this inadvertent reporting misclassification, the reporting of this contribution reveals that this contribution was not something the WAF/Fundraiser or its participating committees attempted to conceal. The WAF is investigating the source of the funds for this political committee's contribution to determine whether the contribution was made from the personal funds of the president of the contributing political committee or from other funds. If it is determined that this contribution was, in actuality, made from corporate funds, the WAF/Fundraiser will refund it and file an amended report.
6. In its March 1989 quarterly report, the Majority Congress Committee reported a transfer-in of $\$ 46,750$ from the Congressman Wright Appreciation Committee on February 2, 1989. Identify the source of these funds and the reason and purpose for the transfer.

As provided for in the joint fundraising agreement, the WAC/PCC transferred $\$ 46,750$ to the MCC/PAC as excess funds, as that term is defined in 2 U.S.C. § 439a.
7. State whether the Majority Congress Committee made their contributor records available to the Wright Appreciation Fund during the 1988 election cycle.

The records of the MCC/PAC and the WAF/Fundraiser were maintained separately by the staff of the respective political
committees, but the staffs of the political comnittees shared contributor information, as was necessary, and the MCC forwarded contributor information to the WAC on a monthly basis.


# SOIN2 FUNDRAIEING AGTEEMENT HETWEEN <br> WRIGNT APPRECEAFION COMMITEEE <br> AND <br> MAJCKITY CONGRESS COMMITTEE 

The kRIGHT APPRECIATION COMMITTRE there!nafter zefarzod to as "WMc:"), Majozity Leader 9 !m Wright's authorized campuign comsitten, and the MAJORITY CONGRESS COMM2\%2EE, a noncomnucted qederal politicaz commitewn, (hercinatier reforred
 (herelmafter reterred to ms "the Agreement") pursuant to 11 C.F.R, © 102.17 and agree as follows:

1. WAC and MCC (eoliectively zeferzed to ns "the participunts*) ohell conduct a serios of foint fundraiaing afforte in the noez futura. The specific mannur in which these Inint Eundraisine efforto will be conducted shall tw mutueliy agzand upon by the parties.
2. The Wriçht Appzeciation Func ("the Fund"), the joint Eundraizing committee establlshed by kAC and MCC, shal: Act an the Eundraising represantative toz the joint zundraining QEforts. Avoordingly, the Fund will be duyponyibie for (A) collocting and dopositing foint fundraising contzituvtions; (b) paying iundraising onsty from gross proceedi and from funds Advanced by the parties; (c) Oistributing nee proceeds; (A) Establishing a bank nccount to be used solely for joint iundzuising reccipra and diubuzsements; and (e) maintaining renovily and reporting overall joint fumdzaising activity.
(ia) The participants whall forward any and all vontrihutiuns which they receive frum the joint tundraising efforts to the Fund for Aeposit within the time periods praseribed by 12 C.F.R. 5102.8 (i.e., contributions of fifty dollers or deas whmil be forwarded to the Fund within thirty dayk aftar thels recelpt by either of the paz:icipants: contriburinng exceeding fifty dellazs whall be forwarded within ten days ester their receipel.
3. Any and all net proceeds from tha foint zundraluing efferto between the participants fafter the payment of expunkes) shall be divided between the partiey as follows: Sevanty-ifve pereunt of the proeeeds from the joint sundraiser wil2 be distrlbuted to WRIGHT APPRECIATION COMMImTEE and twen-ty-five purcent of the proceeda will be 4istzibuted to MhJORITY CONGRESS COMmITTEE, howevez, $1 \%$ Iim Wgight deciazes, pursuant to 2 U.S.C. S 439a, that he has axcess campalgn iunds, then MAJORIFY CONGRESS COMMITTEE *id2 zeceive seventy-ilve percent of the procceds and wRIGYT APFRECZAFION C"MMITMEE w:ll rccelve twenty-five pareent of the proceeds.
4. The joint fundraising elfuzts between kAG end the MrC shall be conducted in complience with the protidbitions and 1fmitations of the Federal Election Campaign Act of 1971, an amended, 2 U.S.C. 5431 et seg., and the requiations pzomizgated thetciunlez, 12 C.F゙,R. 5100 et seg.

WR:OK: APPRECTATION cons:Ttze


MKJORITY COMAKEs COMEZTTEX

Ey:
 Name: Title:

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MAJORITY CONGRESS COMMITTEE

| Cont. <br> Dale. | Name | Address | Occupatlon | Amount Reallocated To WAC | Previous Total Io WAC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/19/87 | L. F. Rochey, ili | 2120 Monitose Bondewand Housion IX 77006 (Pin) 111 E. 3t Tulsa, OK (91a) 5e3 6500 | Pieskient Manhatan Construction | \$250 | \$1.750 ( $\mathrm{Pa}^{\text {G }}$ ) |
| 10/15/87 | Enpineers Polifical Eflucation Coninuatee | 1125 - I7h Steet, NW. Washington, D.C. 20036 | PAC, Lany Digan, Ji, Chainean | \$2,500 | \$2.500 (G) |
| 10/16/87 | NhLCA Patilical Action Commitioe | 1443 Duhas Street Aloxandila, VA 22314 | PAC, Ken Parmetee (703) 684 S545 | \$2,500 | \$2,500 (P8 G) |
| 11/9/67 | Sheet Metal Workers Intl Assn. Poltical Aclictil League | 1750 New Yokk Averue, NW. <br> Wastingion D. . 20006 | PAC | \$2,500 | 12,500 (188 G) |
| 11/9/87 | Texas Aik Comp Poluical Action Connuitiee | 333 Cliy Street, Suilte 4040 Honstion, fexas 77002 | PAC, Clark Orstead (202) E2B 3336 | \$2,500 | 32,500 (P B G) |
| 11/12/67 | BUILD PAC | 15in 8 M Sureats, NW Washidgion, D.C. 20005 | PAC, Bob, Barnister | \$2,500 | 32,500 (P S G) |
| 11/19/37 | AT A TPAC | 550 Madison Avemie Nuw Yoik, NY 10022 | PAC, W G. Bryant | \$2.500 | \$2,500 (P \& G) |

* All reallocations occurred on August 31, 1988, except those for the Commodity Futures Political Fund, which occurred on October 17, 1988.

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WRIGHT APPRECIATION COMMITTEE, MAJORITY CONGRESS COMMITTEE

| Cont Date. | Name | Address | Occupation | Amount Reallocated Io WAC | Previous Total Io WAC |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 11/29/37 | Coastal Employee | Nine Greenway Plaza Houston, 1x 7046 | PAC | \$25,00 | 32,500 (P \& G ) |
| ${ }^{11 / 19 / 87}$ | DRIVE Poditical Fund | 25 Louhlana Avenue, N W. Washingtion, D.C. 20901 | PAC, Jackio Presser | \$2,500 | \$2,500 (P 8 G) |
| 11/19/87 | Federal Express Poditical Action Commiblee | 20005 Corporate Avernue Memplis, IN 38132 | PAC, George Heam (901) 3953041 | \$2,500 | \$2,500 (P) |
| 3/3/87 | LTV Aerospace 8 Dedenise Co. Acilve Cniz. Campi. | P.O. Box 225007 Dallas, TX 75265-5554 |  | \$2,500 | \$1,750 (P86) |
| 11/19/87 | Commorlily Futures Podilical fund | 30 S. Wacker Difve Chicago, R. 60003 | PAC, Leo Malaned, Chmn | \$2,500 | \$1,250 (P) |
| 11/19/87 | Commonity Futues Podicical fuxd | 30 S. Wacker Drtve Clicago, il. 6060t | PAG, Leo Malamed, Chmm | \$1,750 | \$1,250 (6) |
| 11/19/87 | AILA PAC Assn of Thal Lawyers | 1050 3ist Streat, NW. Washingion DC. 20007 (202) 0653500 | PAC | \$7,500 | \$2,500 (P8 8) |
| 12/11/37 | Amesicun Aiflines Political Action Cummittee | 1101 - ITh Street, NW. Washiuglot, D.C. 20036 | PAC, Gene Overberk | \$2,500 | \$2.500 (P 8 G) |

REALLOCATION CHART: WRIGHT APPRECIATION FUND, WAIGHT APPRECIATION COMMITTEE, MAJORITY CONGRESS COMMITTEE


## FEDERAL ELECTION COMMISSION

THE FOLLOWING DOCUMENTATION IS ADDED TO
THE PUBLIC RECORD IN CLOSED MUR 3117.

## 91 APR 15 AM II: 52

April 10, 1991
(Closed mus 3000)

Federal Election Commission 999 E Street NW Washington, DC 20463

Gentlemen:
Your handling of Federal abuses and the "kid glove" treatment of your own "Washington gang" has been shameful at best and more recently has become a National outrage. Your recent settlement with the sleazy Jim Wright is but one example of your flagrant disregard for the professed American Way, ie. Fair \& Equal justice for all !!

## L0:t Hd SI AdV 16

Reports from Washington indicate that Wright's misconduct is a tangled web of campaign abuses. We, the American people, must believe that the web is:
1.) So complex that your committee does not have the intellectual capacity to untangle same, or
2.) Since sleazy Jim is an "insider", it would be political suicide for your prestigious committee to meter out the appropriate sentence that would fit his crimes.

The people have a right to know what's motivating your cavalier attitude toward the privileged gang inside the belting.

I promise you that the time is coming when the people will say "enough is enough".

cc: R. hasten
J. Sensenbrenner
L. Aspin

## FEDERAL ELECTION COMMISSION

Washincton oc 20463


## FEDERAL ELECTION COMMISSION

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James P. Hagen
w322 N6811 Willdwood Pt RD
Hartland, WI 53029
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RE: MUR 3000 and NUR 3117

Dear Mr. Hagen:
This letter acknowledges receipt on April 15, 1991, of your letter regarding the Federal Election Comission's onforcement matters concerning the campaign committees of former Congressman Jin Wright. We are sending you copies of the conciliation agreements in two matters, which the Comission accepted with regard to Mr. Wright's comittees. I an hopeful that these agreements will address your concerns. As you can see from the enclosed agreements, the Comaission itself discovered the violations by Mr. Wright's comattees pursuant to carrying out its supervisory responsibilities and, on its own initiative, determined to investigate the comaittees' campaign activity.

The Comaission thanks you for your letter and is ever willing to accept and respond to correspondence from the public which often helps the Commission perform its function of enforcing the Federal Election Campaign Act of 1971, as amended ("the Act").

If you have any questions, please address them to the office of the General Counsel.

Sincerely,
Lawrence M. Noble General Counsel

BY: Lois/G. Lerner
Associate General Counsel
Enclosure
Conciliation Agreements

April 10, 1991

## Federal Election Commission <br> 999 E Street NW <br> Washington, DC <br> 20463

## Gentlemen:

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Reports from Washington indicate that Wright's misconduct is a tangled web of campaign abuses. We, the American people, must believe that the web is:
1.) So complex that your committee does not have the intellectual capacity to untangle same, or
2.) Since sleazy Jim is an "insider", it would be political suicide for your prestigious committee to meter out the appropriate sentence that would fit his crimes.

The people have a right to know what's motivating your cavalier attitude toward the priveleged gang inside the beltane.

I promise you that the time is coming when the people will say "enough is enough".
a May I hear from your committee?

cc: R. Raster
J. Sensenbrenner
L. Aspin


[^0]:    

[^1]:    

[^2]:    

[^3]:    3. The three committees are Tesco Division of Texas Utilities Electric Co. PAC, Texas Utilities Co./Texas Utilities Electric Co. and Service Companies Energy Employees PAC, and Texas Utilities Electric-Tugco Division PAC. Because they were all set up by Texas Utilities Electric Co., they are affiliated and share one contribution limit. 11 C.F.R. S $110.3(\mathrm{a})$.
[^4]:    5. There was a joint fundraising committee by the same name registered with the Commission in March 1985. This committee terminated with its 1986 Year End Report.
[^5]:    1. These three committees are Tesco Division of Texas Utilities Electric Co. PAC, Texas Utilities Co./Texas Utilities Electric Co. and Service Companies Energy Employees PAC, and Texas Utilities Electric-Tugco Division PAC. Because they were all set up by Texas Utilities Electric Co., they are affiliated and share one contribution limit. 11 C.F.R. S $110.3(\mathrm{a})$.
[^6]:    1. The PAC transferred $\$ 46,750.00$ to the Fundraiser on January 25, 1989.
[^7]:    2 The WAF/Fundraiser reported all contributions it received, regardless of size, and each such contributions was entered manually on commission disclosure forms. As the Commission may appreciate, this was a tremendous task and one to which the WAF/Fundraiser, MCC/PAC, need WAC/PCC staff devoted its good faith, best efforts.

[^8]:    ${ }^{3}$ As discussed above, the remaining $\$ 43,750$ of this check was for reallocation of contributions.

[^9]:    

