



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3119/3368

DATE FILMED 4/21/93 CAMERA NO. 2

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OGC 7604

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P. O. BOX 188  
EAST BRUNSWICK, N. J. 08816

(201) 254-4200

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OGC 7604

GROSS & NOVAK, P.A.  
ATTORNEYS AT LAW

EDWARD GROSS  
IRA S. NOVAK  
JAY SAMUELS  
NOLA R. BENCZE#  
DENISE L. SANDERS#  
TIMOTHY O'NEILL#

ALSO ADMITTED IN

NEW YORK  
PENNSYLVANIA

COLONIAL OAKS OFFICE PARK  
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August 23, 1990

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: In the Matter of Chandler for Congress, Inc.  
MUR 3119

Dear Mr. Noble:

Enclosed please find an original and two copies of a Complaint by the New Jersey Republican State Committee for filing with the Federal Election Commission pursuant to 11 C.F.R. §111.4. The Complaint alleges certain violations of law by Chandler for Congress, Inc., the political committee of Marguerite Chandler, Candidate for Congress in the 12th District, New Jersey.

Please return one copy of the Complaint stamped "filed" in the enclosed, self-addressed, stamped envelope. Also, please advise if anything further is needed at this time. Your cooperation is appreciated.

Very truly yours,

  
Edward Gross

EG:sbk  
cc: Jeffrey Michaels

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BEFORE THE FEDERAL ELECTION COMMISSION  
OF THE UNITED STATES

\_\_\_\_\_  
In the Matter of \_\_\_\_\_

CHANDLER FOR CONGRESS, INC.  
(Raymond Babinski, Treasurer)  
\_\_\_\_\_

:  
:  
: MUR No. 3119  
:  
:  
:

COMPLAINT

The Complainant, New Jersey Republican State Committee (hereinafter "Republican State Committee"), 310 West State Street, Trenton, New Jersey 08618, by way of Complaint, says as follows:

I. Statement of Facts

On or about July 12, 1990, the Chandler for Congress Committee (hereinafter "Chandler Committee") filed its July 15th Quarterly Report of Receipts and Disbursements with the Federal Election Commission (hereinafter "FEC" or "Commission"). That report shows that the Chandler Committee accepted loans from the candidate, Marguerite Chandler, which "were derived from borrowings by the candidate from Edmar Corporation." (See pertinent pages from Chandler Committee July 15th Quarterly Report, attached hereto as Exhibit A). Specifically, the Quarterly Report shows that the Chandler Committee accepted several loans totalling over \$300,000, all or part of which derived from the candidate's borrowings from Edmar Corporation. In addition to the Chandler Committee's admissions in its July 15th Quarterly Report, the Committee also acknowledged the source

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of the loans in news accounts from August 1990. (See August 15, 1990, Daily Record article and August 17, 1990, The Express article, attached hereto as Exhibit B and Exhibit C respectively).

Upon information and belief, the FEC challenged the above-described campaign contributions as violative of federal election laws. (See Exhibits B, C and D).

Upon information and belief, the Chandler Committee initially denied that any violation had occurred. However, upon being challenged by the FEC, the Committee ultimately acknowledged the violation, explaining that there had been a "misunderstanding or misinterpretation" of federal election law on the part of the Chandler Committee. (See Exhibits B and C).

Subsequently, upon information and belief, the Chandler Committee advised the FEC on or about August 1, 1990, that it had "corrected" its violation of federal election law by securing a loan from United Jersey Bank/Northwest of Randolph, New Jersey, to repay the illegal corporate loans obtained from the Edmar Corporation. (See Exhibits B, C and D). Furthermore, the Chandler Committee revealed that candidate Chandler used her own Edmar Corporation stock as collateral for said loan. (See Exhibit D).

Upon information and belief, the Chandler Committee admits that Edmar Corporation has, or previously had, a banking relationship with United Jersey Bank/Northwest but refuses to provide details as to the line of credit obtained or to otherwise disclose the nature of the Committee's agreement with the bank.

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(See Exhibit C).

## II. Applicable Law

Under the Federal Election Campaign Act of 1971, as amended (hereinafter "the Act"), it is unlawful for any national bank or any corporation to make a contribution in connection with any election at which a Representative in Congress is to be voted for, or for any candidate, political committee or other person knowingly to accept or receive any such prohibited contribution. 2 U.S.C. §441b(a). See also 11 C.F.R. §114.2.

Under §441(b)(2), a contribution shall include:

any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value (except a loan of money by a national or State bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business) to any candidate, campaign committee, or political party or organization, in connection with any election to any of the offices referred to in [§441b] [with certain exceptions not applicable here].

"Contribution" is further defined at 2 U.S.C. §431(8). A "contribution" does not include any loan of money by a State bank, federally chartered depository institution or depository institution insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration, when such loan is made in accordance with applicable law and in the ordinary course of business.

However, such loan:

1. shall be made on a basis which assures repayment, evidenced by a written instrument, and subject to a due date or amortization schedule; and
2. shall bear the usual and customary interest rate of the lending institution. 2 U.S.C. §431(8)(B)(vii)(II) and (III).

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11 C.F.R. §100.7(b)(11) also states that a loan will be deemed to be made in the ordinary course of business if it "bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule." Furthermore, such loans are to be reported by the political committee in accordance with 11 C.F.R. 104.3(a).

### III. Violations

#### A. Illegal Corporate Contribution from Edmar Corporation

As the Chandler Committee has revealed in its July 15th Quarterly Report to the FEC, the Committee borrowed funds from a corporation, Edmar Corporation, for use in the Chandler for Congress Campaign. The above-mentioned report clearly states that loans from the candidate to the Chandler Committee "were derived from borrowings by the Candidate from Edmar Corporation". (See Exhibit A).

These facts evidence a clear and flagrant violation of the law. The Chandler Committee's attempt to excuse the violation as a "misinterpretation" of the law is a mere pretext in light of the long-standing and unambiguous corporate contribution prohibition.

The facts set forth above establish reason to believe that the Chandler Committee has committed a violation of 2 U.S.C. §441b(a), prohibiting a congressional candidate or political committee from knowingly accepting or receiving a prohibited corporate contribution.

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B. Possible Illegal Loan from United Jersey Bank/Northwest

The Chandler Committee has now attempted to remedy its above-stated violation of federal election law by the Candidate securing a loan from United Jersey Bank/Northwest of Randolph, New Jersey, to repay the illegal corporate loans from the Edmar Corporation. In a variety of news accounts, representatives of the Chandler Committee have revealed that Marguerite Chandler used her own Edmar Corporation stock as collateral for the loan and, furthermore, that the Edmar Corporation is a customer of United Jersey Bank/Northwest. (See Exhibits B, C and D).

While Complainant does not have sufficient facts to affirmatively assert that the loan from United Jersey Bank was not made in the ordinary course of business or that it otherwise violated the standards enunciated in the above-cited statutes and regulations, Complainant does assert that it is appropriate and necessary, in light of the facts as known, for the FEC to review this loan for compliance with the regulatory standards imposed on candidates and their political committees.

IV. Relief Requested

Complainant respectfully urges the Commission To take the following actions:

A. Conduct an immediate audit and investigation to determine whether the Chandler Committee has violated the provisions of 2 U.S.C. §441b, and, if so, immediately order the Chandler Committee to cease spending the illegally obtained funds for the Chandler for Congress campaign.

B. Require the Chandler Committee to produce immediately

all records pertaining to loans from the candidate to the Chandler Committee which were derived from borrowings by the candidate from the Edmar Corporation, and all records pertaining to the line of credit obtained by Marguerite Chandler (or the Chandler Committee) from United Jersey Bank/Northwest for use in repaying the illegally obtained corporate loans or for any other use related to the Chandler for Congress campaign.

C. Immediately notify the Chandler Committee of this Complaint and deny any requests from that Committee for an extension of time to reply to this Complaint.

D. Take any and all appropriate legal action, including civil and criminal penalties provided for under the law, that may be warranted as a result of the audit and investigation requested by this Complaint.

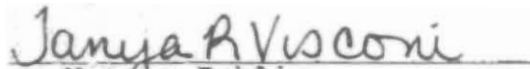
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VERIFICATION

The undersigned swears that the facts set forth in this Complaint are true to the best of his knowledge, information and belief.

  
Jeffrey Michaels, Executive Director  
New Jersey Republican  
State Committee

Subscribed and sworn to before me  
this 23 day of August, 1990.

  
Notary Public

TANYA R. VISCONI  
A Notary Public of New Jersey  
My Commission Expires Oct. 7, 1991

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EXHIBIT A

# REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee  
(Summary Page)

File

USE FEC MAILING LABEL  
OR  
TYPE OR PRINT

|                                                                                                                 |                              |                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------|
| 1. NAME OF COMMITTEE (in full)<br>Chandler for Congress, Inc.                                                   |                              | 2. FEC IDENTIFICATION NUMBER<br>C00240432                                                              |
| ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported.<br>PO Box 898 |                              | 3. IS THIS REPORT AN AMENDMENT?<br><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| CITY, STATE and ZIP CODE<br>Somerville, NJ 08876                                                                | STATE/DISTRICT<br>NJ/12th CD |                                                                                                        |

## 4. TYPE OF REPORT

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

This report contains activity for ☒ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| 5. Covering Period                                                                               | COLUMN A<br>This Period | COLUMN B<br>Calendar Year-to-Date                                                                                                                              |
|--------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 05/17/90 through 06/30/90                                                                        |                         |                                                                                                                                                                |
| 6. Net Contributions (other than loans)                                                          |                         |                                                                                                                                                                |
| (a) Total Contributions (other than loans) (from Line 11(e))                                     | 40,493.84               | 146,137.84                                                                                                                                                     |
| (b) Total Contribution Refunds (from Line 20(d))                                                 | 0.00                    | 30.00                                                                                                                                                          |
| (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))                          | 40,493.84               | 146,107.84                                                                                                                                                     |
| 7. Net Operating Expenditures                                                                    |                         |                                                                                                                                                                |
| (a) Total Operating Expenditures (from Line 17)                                                  | 134,153.82              | 477,842.02                                                                                                                                                     |
| (b) Total Offsets to Operating Expenditures (from Line 14)                                       | 1,978.16                | 1,998.16                                                                                                                                                       |
| (c) Net Operating Expenditures (subtract Line 7(b) from 7(a))                                    | 132,175.66              | 475,843.86                                                                                                                                                     |
| 8. Cash on Hand at Close of Reporting Period (from Line 27)                                      | 38,041.06               | For further information<br>contact:<br>Federal Election Commission<br>999 E Street, NW<br>Washington, DC 20463<br>Toll Free 800-424-9530<br>Local 202-376-3120 |
| 9. Debts and Obligations Owed TO the Committee<br>(Itemize all on Schedule C and/or Schedule D)  | 0.00                    |                                                                                                                                                                |
| 10. Debts and Obligations Owed BY the Committee<br>(Itemize all on Schedule C and/or Schedule D) | 404,905.08              |                                                                                                                                                                |

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

|                                                     |                  |
|-----------------------------------------------------|------------------|
| Type or Print Name of Treasurer<br>Raymond Babinski | Date<br>07/12/90 |
| Signature of Treasurer<br><i>Raymond Babinski</i>   |                  |

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

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Exhibit A

**FEC FORM 3**  
(revised 4/87)

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source    | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ, 08876- | \$ 150,000.00                  | \$ 0.00                          | \$ 150,000.00                                |

ELECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 12/27/89 Due 12/27/90 Interest Rate <sup>Variable</sup> 0.000%(apr) ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 150,000.00

TOTALS This Period (last page in this line only).....\$



SCHEDULE C  
(Revised 3/80)

LOANS

Page 2 of 7  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- | \$ 50,000.00                   | \$ 0.00                          | \$ 50,000.00                                 |

ELECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 04/23/90 Due <sup>08/11/90</sup> 1/1 Interest Rate <sup>0.000% VARIABLE</sup> (apr) ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 50,000.00

TOTALS This Period (last page in this line only).....\$

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- | \$ 3,777.08                    | \$ 0.00                          | \$ 3,777.08                                  |

ELECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 05/03/90 Due *DEMAND* / / Interest Rate *VARIABLE* 0.000%(apr) ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 3,777.08

TOTALS This Period (last page in this line only).....\$

SCHEDULE C  
(Revised 3/80)

LOANS

Page 4 of 7  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- | \$ 45,000.00                   | \$ 0.00                          | \$ 45,000.00                                 |

ELECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 05/05/90 Due <sup>22 APR 90</sup> / / Interest Rate <sup>VARIABLE</sup> 0.000%(apr) ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 45,000.00

TOTALS This Period (last page in this line only).....\$

SCHEDULE C  
(Revised 3/80)

LOANS

Page 5 of 7  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- | \$ 19,000.00                   | \$ 0.00                          | \$ 19,000.00                                 |

ELECTION: ☐ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 05/11/90 Due *DEMAND* / / Interest Rate *VARIABLE* 0.000%(apr) ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 19,000.00

TOTALS This Period (last page in this line only).....\$

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>6 Lise Terrace<br>Somerville, NJ 08876- | \$ 50,000.00                   | \$ 0.00                          | \$ 50,000.00                                 |

ELECTION: [P]PRIMARY [ ]GENERAL [ ]OTHER (SPECIFY):

Incurred 05/18/90 Due <sup>DEMAND</sup> / / Interest Rate <sup>VARIABLE</sup> 0.000%(apr) [ ] Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 50,000.00

TOTALS This Period (last page in this line only).....\$

# Marguerite Chandler

F O R C O N G R E S S

Chandler for Congress, Inc.

FEC# C00240432

Attachment to Schedule C - Loans

Loans from the Candidate were derived from borrowings by the Candidate from Edmar Corporation under terms identical to that which the Committee is obligated, that is, on demand and bearing interest at the applicable federal rates for short-term loans.

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PO Box 898 • Somerville, New Jersey 08876 • (201) 302-0990 • Fax (201) 302-0681



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EXHIBIT B

## Chandler violated election controls

By COLLEEN O'DEA

Daily Record

Democratic congressional candidate Marguerite Chandler violated Federal Election Commission regulations when, using corporate funds, she loaned her campaign \$214,000 earlier this year.

Chandler, a Somerville businesswoman running in the 12th District, told the FEC on Aug. 1 that she has corrected the violations by securing loans from United Jersey Bank/Northwest of Randolph to pay back the money she had loaned Chandler for Congress.

She had borrowed money from Edmar Corp., of which she is a co-owner, to make five loans to her campaign committee between April 23 and June 4. However, the FEC considered those loans to have come from the corporation and corporate contributions are illegal under federal regulations.

John D. Gibson, an assistant staff director of the FEC, wrote in a July 19 letter to the Chandler campaign that "the commission may take further legal steps," but would take prompt corrective action into consideration.

In explaining to the FEC that he had corrected the situation, Chandler campaign treasurer Raymond Babinski asked for such consideration, saying the problem had arisen from "a misunderstanding."

Sharon Snyder, an FEC spokeswoman, said the problem was uncovered during the normal review process and it will be up to the commission to determine whether or not it wants to fine Chandler.

Chandler has loaned her campaign more than \$367,000, with \$153,000 coming from personal funds or from bank loans, said Sherry Sylvester, Chandler's spokeswoman.

In light of the violation, Chandler's opponent Sen. Richard Zimmer, R-Morris, asked her to answer several other questions about her personal and campaign finances.

"Ms. Chandler should explain to the public the nature of her campaign's financial transactions with Edmar Corp. and how she intends to finance her campaign," said Zimmer.



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EXHIBIT C

# Chandler returns illegal loans from her own company

By JEFF PILLETS  
Express staff writer

The Federal Election Commission may decide to take legal action against Marguerite Chandler, the 12th District Democratic congressional candidate whose campaign was ordered to return \$214,000 in illegal corporate loans.

"I've seen these things go either way," Sharon Snyder, an FEC press officer, said Thursday.

"On the one hand, Chandler says she felt no laws were broken in taking the loans. On the other hand, corporate contributions have been barred since the turn of the century. I can't say what will happen."

Questions about Chandler's campaign finances center on five loans dating back to April that the candidate received from her own company, Edmar Corporation.

Chandler, a Somerville, N.J.,

Please see ELECT /B-4

## ELECT

Continued from B-1

businesswoman and the owner of an industrial park, now acknowledges that accepting the loans was a mistake, but says her error was unintentional and stemmed from a misinterpretation of election law.

On Aug. 1, five weeks after the FEC first called the loans into question, Chandler's campaign committee returned the full \$214,000 to Edmar using money the candidate borrowed from a Randolph, N.J., bank.

Sherry Sylvester, Chandler's press secretary, defended Chandler's financial dealings and doubted that the government would take further action.

"Marguerite Chandler thought it was okay to accept loans from Edmar because it is part of her personal assets," Sylvester said. "What we have is a clear disagreement in interpretation of

the law. And when the FEC notified us they did not agree with our interpretation, we paid back the money promptly."

While federal election law allows candidates to use personal assets in their campaign, it forbids acceptance of corporate loans or contributions, even if a candidate owns the corporation.

According to Snyder, the FEC would weigh several "extenuating circumstances" before deciding whether to launch an audit or take punitive action against the Chandler campaign.

She said the FEC would consider how long Chandler's campaign committee made use of the illegal loans, and how significantly the money figured in her overall finances.

Snyder added that officials would also consider how promptly Chandler paid back the illegal loans after being notified by the FEC.

Campaign reports show that Chandler's committee accepted a \$50,000 loan from Edmar on April 23. The committee subsequently accepted four loans to-

tating \$161,000 between May 5 and June 4.

Chandler's campaign — more than \$330,000 in debt according to FEC documents filed June 30 — had received \$146,000 in contributions from individuals and political groups in the first six months of 1990.

The FEC first called Chandler's finances into question in a June 25 letter. She repaid the loan five weeks later after several letters and phone calls between her campaign committee and Washington, D.C.

Chandler's Republican opponent in the congressional race, state Sen. Richard Zimmer, has not ruled out filing a formal complaint against Chandler with the election commission. An FEC spokeswoman said Thursday that a complaint would probably result in a routine audit.

Zimmer campaign manager Larry Weitzner, who called Chandler's acceptance of the Edmar money "a dramatic error," urged Chandler to detail her financial dealings with the corporation more fully.

Weitzner, reiterating demands made by Zimmer in a letter to Chandler, also questioned her dealings with United Jersey Bank/Northwest of Randolph, which has extended a line of credit to the candidate.

Specifically, the Zimmer camp claims Chandler may have used her corporation as collateral to obtain credit at the bank, an arrangement Zimmer claims is illegal under federal election law. Zimmer also questions whether Chandler's previous business dealings with the bank have led to favorable credit terms.

While Chandler was not available for comment, spokeswoman Sylvester said she would not disclose the specifics of Chandler's credit agreement with the bank. And while she added that Chandler's corporation has done business with the bank, she would not detail its extent or nature.

"Disclosing how much the line of credit is would be like disclosing our campaign strategy," Sylvester said.

The Express, Friday, August 17, 1990

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EXHIBIT D

TUESDAY, AUGUST 14, 1990

## Zimmer questions Chandler's loans

Associated Press

Republican congressional candidate Richard A. Zimmer on Monday said his opponent in the 12th District race may have violated federal election laws by financing her campaign with loans from her corporation.

An outside attorney who reviewed Marguerite Chandler's latest campaign finance statements advised Zimmer last week that loans from Edmar Corp. "are clearly in violation of the prohibition in the Federal Election Campaign Act on contributions by corporations to congressional candidates."

However, Chandler repaid the corporate loans in question by securing a bank loan on Aug. 1, campaign spokesman Sherry Sylvester said.

Chandler, of Somerville, took the action in response to a July 19 Federal Election Commission letter notifying her that election laws prohibited the corporate loan.

The Zimmer campaign said it was unaware she had returned the money.

"We question why it took a warning letter from the FEC to get her to do this," said Zimmer spokesman David Barnes. "We would like to point out she is a trained accountant. She should know better."

According to Sylvester, the Chandler campaign staff had believed that candidates may use personal assets to make loans to their campaigns.

"Marguerite's personal asset is the Edmar Corp.," she said.

On that basis, Chandler had borrowed \$218,000 from Edmar Corp., which accounted for more than half of the \$404,905 she reported loaning her campaign as of June 30.

In repaying Edmar with a loan from United Jersey Bank, she used her own Edmar stock as collateral, Sylvester said.

"You can borrow against your personal assets as long as you don't own them jointly with anyone else," she said. "It's analogous to borrowing against your home."

Zimmer, of Delaware Township, also asked Chandler for a clarification of her personal finances.

Sylvester said Chandler has never hidden her financial position.

"Marguerite released her tax forms, financial disclosure forms and said what her personal worth was — about \$15 million," Sylvester said.

Both candidates are vying to succeed Republican Rep. Jim Courter of Hackettstown, who is stepping down at the end of the year.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 5, 1990

Jeffrey Michaels, Executive Director  
New Jersey Republican State Committee  
310 West State Street  
Trenton, NJ 08618

RE: MUR 3119

Dear Mr. Michaels:

This letter acknowledges receipt on August 27, 1990, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by Marguerite Chandler, the Chandler for Congress Committee, Inc., Raymond Babinski, as treasurer, Edmar Company, Inc., United Jersey Bank/Northwest. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Enclosure  
Procedures

23040234707



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 5, 1990

Martin Roffman, President  
Edmar Co., Inc.  
35 Monhegan Street  
Clifton, NJ 07013

RE: MUR 3119

Dear Mr. Roffman:

The Federal Election Commission received a complaint which alleges that the Edmar Co., Inc may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence.

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

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

23040934708

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

Sincerely

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Enclosures

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

23740934709



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 5, 1990

Doris M. Tarrant, President  
United Jersey Bank/Northwest  
711 Route 10  
Randolph, NJ 07869

RE: MUR 3119

Dear Ms. Tarrant:

The Federal Election Commission received a complaint which alleges that the United Jersey Bank/Northwest may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence.

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

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

23040934710



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

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosures

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

23240934711



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 5, 1990

Raymond Babinski, Treasurer  
Chandler for Congress Committee, Inc.  
P.O. Box 898  
Somerville, NJ 08876

RE: MUR 3119

Dear Mr. Babinski:

The Federal Election Commission received a complaint which alleges that Chandler for Congress Committee, Inc. and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence.

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

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

23740934712

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Enclosures

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

cc: Marguerite Chandler

23040934713



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

September 5, 1990

Marguerite Chandler  
6 Lisa Terrace  
Somerville, NJ 08876

RE: MUR 3119

Dear Ms. Chandler:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence.

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

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

23040934714

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Enclosures

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

cc: Chandler for Congress Committee, Inc.

23040934715

CGC 7783

SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

(A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION)

COUNSELLORS AT LAW

PRESIDENTIAL CENTER

SUITE 300

293 EISENHOWER PARKWAY  
LIVINGSTON, NEW JERSEY 07039

(201) 740-1600

LAWRENCE S. SCHWARTZ

JOEL A. PISANO

STEPHEN J. EDELSTEIN

NATHANYA G. SIMON\*

DAVID H. BEN-ASHER

ROBERT C. GRIFFIN

MICHAEL S. RUBIN

BRENDA STRASHUN\*

MIGUEL A. MAZA

GEORGE B. McPHILLIPS\*\*

NICHOLAS CELSO, Ed. D.

OF COUNSEL

\*MEMBER OF NJ AND NY BARS

\*\*MEMBER OF NY BAR ONLY

NUTLEY OFFICE:

598 FRANKLIN AVE.

NUTLEY, N.J. 07110

(201) 761-4444

(201) 235-9090

NEW YORK OFFICE:

200 WILLIS AVENUE

MINEOLA, NEW YORK 11501

(616) 747-8200

REPLY TO LIVINGSTON

TELECOPIER (201) 740-0891

September 6, 1990

BY FEDERAL EXPRESS

General Counsel  
Federal Election Commission  
999 E Street, NW.  
Washington, D.C. 20463

Re: In The Matter of Chandler for  
Congress, Inc.

Dear Sir:

This letter is to respond to the Complaint filed in the above captioned matter by the New Jersey Republican State Committee alleging certain violations of the Federal Election Campaign Act of 1971, as amended, and its implementing regulations. For the reasons set forth below, the Chandler for Congress Committee, Inc. ("Chandler Committee") respectfully submits that the Commission should take no action on the Complaint.

The thrust of the Complaint against the Chandler Committee involves loans made to the Committee from the Edmar Corporation, totaling approximately \$215,000.00.

In a letter dated July 19, 1990 from John D. Gibson, Assistant Staff Director of the Federal Election Commission ("FEC"), the Chandler Committee was advised that the loans it had received from the Edmar Corporation constituted an illegal corporate contribution. (See letter to Raymond Babinski, Treasurer, Chandler for Congress, Inc., attached hereto.)

The letter instructed Mr. Babinski to "refund or repay the full amount to the donor and notify the Commission of such action. The refund or repayment must be made within 30 days of the Treasurer's receipt and should appear on Schedule B of the appropriate report." The letter from Mr. Gibson went on to say that

MUR  
3119

HAND DELIVERED

90 SEP -7 AM 10:42

90 SEP -7 PM 12:11

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL

230434716

SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

General Counsel  
Federal Election Commission  
Page-2-  
September 6, 1990

[a]lthough the Commission may take further legal steps, prompt action by you to refund the prohibited amount will be taken into consideration.

If this information is not received by the Commission within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

In a letter dated August 1, 1990, Mr. Babinski wrote to Karen W. White, Reports Analyst Division, to notify her that on that date, the candidate had "secured a loan through United Jersey Bank/Northwest of Randolph, New Jersey, which in turn, was loaned to the Campaign Committee in order to repay and remedy the loans from the Edmar Corporation."

The Chandler Committee received Mr. Gibson's July 19, 1990 letter on July 26, 1990. Thus, the Chandler Committee took the corrective action required by that letter well within the thirty (30) days suggested by Mr. Gibson and supplied the requested information to the FEC within the fifteen (15) day time period set forth in Mr. Gibson's letter. The Chandler Committee, therefore, promptly rectified the situation as requested of it by the FEC.

Pursuant to 11CFR 14.2(c), "[a] candidate, political committee or other person is prohibited from knowingly accepting or receiving any contribution prohibited by this Section." (emphasis supplied) It is clear both from Mr. Babinski's letter of August 1, 1990 and from the prompt action taken by the Chandler Committee to repay the loans from the Edmar Corporation, that the Chandler Committee did not "knowingly" accept a prohibited contribution. The loans were an inadvertent error, originating out of a misunderstanding as to the nature of the transactions, and, in light of the prompt action taken by the Chandler Committee to rectify its error, no further action by the Commission is warranted.

The second allegation in the Complaint involves the loan from United Jersey Bank to the candidate which was subsequently loaned to the Chandler Committee to repay the loans from the Edmar Corporation. As is evidenced from the Complaint, the Complainant has absolutely no foundation for alleging that this loan violated any of the provisions of the Act or of the regulations implementing the Act.

Under FEC regulations, a Complaint filed with the FEC "should

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SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

General Counsel  
Federal Election Commission  
Page-3-  
September 6, 1990

contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction." 11CFR 111.4(d)(3). All statements in the Complaint must be based on either personal knowledge or upon information and belief, and the latter must be accompanied by "the source of information which gives rise to the Complainants belief in the truth of such statements." 11CFR 111.4(c)(d)(2).

With respect to the loan from United Jersey Bank, the Complaint herein is devoid of any facts which describe a violation of a statute or regulation over which the Commission has jurisdiction. The Complainant simply relies on an assertion that the Edmar Corporation, in which the candidate has a controlling interest, had a prior banking relationship with United Jersey Bank/Northwest. However, the Complainant can cite no statute or regulation which prohibits a candidate from taking a loan from a bank under these circumstances.

In fact, the Complainant acknowledges in the Complaint that it "does not have sufficient facts to affirmatively assert that the loan from United Jersey Bank was not made in the ordinary course of business or that it otherwise violated the standards enunciated in the above-cited statutes and regulations." Thus, the Complainant acknowledges that it cannot meet the requirements of 11CFR 111.4(d)(3), which requires that it state facts which describe a violation of a statute or regulation.

Furthermore, the loan from United Jersey Bank will be reported on the Chandler Committee's October 15, 1990 Quarterly Report, as will the disbursements to the Edmar Corporation in repayment of the loans made by it to the Committee. The October 15th report is the first report to be filed following the transactions described herein, and is thus "the appropriate report" to list these transactions, as required by Mr. Gibson's July 19th letter. Therefore, the Chandler Committee will be in conformance with 11CFR 104.3(a)(3)(vii).

The Chandler Committee also certifies that the loan from United Jersey Bank completely conforms with the requirements of 11CFR 100.7(b)(11) in that it bears the usual and customary interest rate of the lending institution for the category of the loan involved, is made on a basis which assures repayment, is evidenced by a written instrument, and is subject to a due date or amortization schedule, and thus was made in the ordinary course of business.

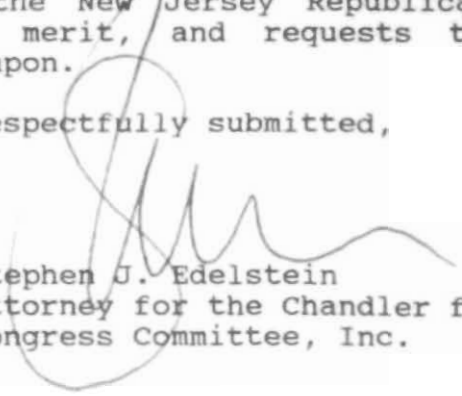


SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

General Counsel  
Federal Election Commission  
Page-4-  
September 6, 1990

For the reasons set forth above, the Chandler Committee submits that the Complaint filed by the New Jersey Republican State Committee is totally without merit, and requests that the Commission take no action thereupon.

Respectfully submitted,



Stephen J. Edelstein  
Attorney for the Chandler for  
Congress Committee, Inc.

SJE:jb

cc: Jeffrey Michaels, Executive Director  
New Jersey Republican State Committee

23740934719



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 13, 1990

Marguerite Chandler, Agent  
Edmar Corporation  
Chimney Rock Road  
Bound Brook, NJ 08805

RE: MUR 3119

Dear Ms. Chandler:

The Federal Election Commission received a complaint which alleges that the Edmar Corporation may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 3119. Please refer to this number in all future correspondence.

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

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

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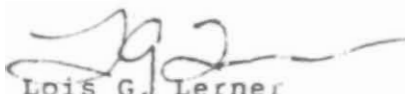
Marguerite Chandler, Agent  
Page 2

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Enclosures

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

23040934721

06C 7986



RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

UJB Financial Corp  
301 Carnegie Center  
P.O. Box 2066  
Princeton, NJ 08543-2066  
609 987-3200

90 SEP 25 PM 2:59

September 24, 1990

HAND DELIVERED

VIA UPS NEXT DAY AIR

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D. C. 20463

Re: MUR 3119

Dear Mr. Noble:

I am Vice President and Associate Counsel of UJB Financial Corp., a bank holding company incorporated in New Jersey. UJB Financial Corp. owns all of the issued and outstanding stock of United Jersey Bank/Northwest. I am writing in response to your letter to Doris M. Tarrant, the President, Chief Executive Officer and Chairman of the Board of United Jersey Bank/Northwest, dated September 5, 1990, which Ms. Tarrant received on September 10th.

I enclose Ms. Tarrant's Affidavit concerning the bank loan to Marguerite Chandler that is the subject of this matter. I also enclose a copy of the Promissory Note signed by Marguerite Chandler. My review of this loan indicates no violation of applicable banking laws or regulations and based on my review of the enclosed documentation, the Bank's records with respect to the loan in question and the applicable regulation at 11 CFR §100.7(11), it is my opinion that the loan satisfies 11 CFR §100.7(11)'s requirements that the loan be made in accordance with applicable banking laws and regulations and be made in the ordinary course of business. Under that regulation, a loan is deemed to have been made in the ordinary course of business if it "bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule." Compliance with the last two requirements is evidenced by the enclosed Note. Ms. Tarrant's Affidavit confirms compliance with the other tests of a loan made in the ordinary course of business.

Based on the foregoing and the enclosed materials, I believe that no action by the Federal Election Commission against United Jersey Bank/Northwest is warranted in this matter.

Very truly yours,

Robert A. Gunther  
Vice President and  
Associate Counsel

RAG:jcr

Enclosures

cc: Doris M. Tarrant, President and Chief Executive Officer,  
United Jersey Bank/Northwest

90 SEP 26 PM 12:05

RECEIVED  
FEDERAL ELECTION COMMISSION

2675366603

AFFIDAVIT OF DORIS M. TARRANT

State of New Jersey     )  
                              ) SS:  
County of Morris         )

Doris M. Tarrant, of full age, being duly sworn according to law, upon her oath deposes and says:

1. I am President, Chief Executive Officer and Chairman of the Board of United Jersey Bank/Northwest ("Bank").

2. On or about July 27, 1990, Marguerite Chandler contacted me to request a loan of up to \$1,000,000.00. Certain of the proceeds were to repay a loan which Ms. Chandler had obtained from the Edmar Corporation, of which she is the principal shareholder. It is my understanding that certain loans between Ms. Chandler and the Chandler for Congress Committee, Inc. were required by the Federal Election Commission to be restructured since the source of the proceeds of such loans were loans from Edmar Corporation to Ms. Chandler. Approximately \$150,000.00, plus interest, of the Bank loan would be used to pay off prior to maturity an earlier loan from the Bank to Ms. Chandler individually. The balance of the Bank loan proceeds would be available to be re-loaned or contributed by Ms. Chandler to the Chandler for Congress Committee, Inc. The loan was approved by telephone poll of the Executive Committee of the Bank on August 1, 1990 and funded on that date following execution of the Promissory Note (Grid Note) by Ms. Chandler. It is customary, and in accordance with the Bank's loan policy, for large loans requiring approval prior to the next regularly scheduled Directors Loan Committee meeting to be approved in this manner. As of this date, advances totalling \$657,776.00 have been made under the August 1, 1990 loan to Ms. Chandler.

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3. Marguerite Chandler, individually, has been a customer of the Bank since December, 1987. On December 29, 1987, Marguerite Chandler borrowed \$400,000.00 on an unsecured basis for a loan which was to mature on January 30, 1988. The loan was paid in full on January 5, 1988. On December 27, 1989, Marguerite Chandler borrowed \$150,000.00 on an unsecured basis. The maturity for that loan was December 27, 1990. That loan was paid in full on August 1, 1990, with certain of the proceeds of the August 1, 1990 loan.

4. Edmar Corporation, the corporation of which Ms. Chandler is the principal shareholder, has been a corporate customer of the Bank since December, 1988. As of this date, the Bank has several loans in effect to Edmar Corporation, all of which are current.

5. The August 1, 1990 Note provides for a maturity date of January 31, 1991 and an interest rate at the Floating Base Rate of United Jersey Bank/Northwest. Interest only is payable monthly, with the principal balance due upon the January 31, 1991 maturity of the loan. This interest rate is the Bank's standard interest rate for large, unsecured personal loans. In accordance with the Bank's usual lending practice for large, short-term personal loans, the loan would, at the time of maturity, be (a) paid in full, (b) rolled over for the same period (six months), (c) partially paid off, with the balance converted into a term loan of a duration set by the Bank or (d) converted in the entirety to a term loan for a duration set by the Bank.

6. The loan was underwritten as an unsecured loan, however Ms. Chandler pledged 900 shares of stock in Edmar Corporation owned by her individually (that is, not jointly owned with someone else).

7. Based on the excellent payment history of loans taken out by Marguerite Chandler from the Bank on an individual, unsecured basis, the Bank's review of the personal financial statements delivered to the Bank by Ms. Chandler, Ms. Chandler's ability to generate income from distributions to

shareholders by the Edmar Corporation as a privately owned corporation and the collateral received, the loan was made on a basis which, from the Bank's standpoint as a lender, assures repayment under the Bank's normal underwriting standards.

Doris M. Tarrant  
Doris M. Tarrant

Subscribed and sworn to before  
me this 21st day of September, 1990.

Denise M. Pearson  
Notary Public

DENISE M. PEARSON

NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires JUL 15, 1991

23040934725

**PROMISSORY NOTE (GRID NOTE)**  
**Secured/Unsecured**

1,000,000.00

August 1, 1990

In consideration of such loans as UNITED JERSEY BANK /Northwest (herein called "the Bank") from time to time may want to make hereon to or for the benefit of or at the request of the undersigned, the undersigned hereby promises to pay or January 31, 1991 to the order of UNITED JERSEY BANK /Northwest at its principal office in Randolph, New Jersey, in lawful money of United States of America, all loans, plus any interest thereon, then unpaid. The unpaid balance of each loan shall bear interest from the date thereof until paid at the rate of 10 1/2% APR computed on the basis of actual days elapsed and a year of 360 days, unless prohibited by law, which interest shall be payable Monthly.

All payments due under this note are to be in immediately available funds; otherwise, undersigned agrees to pay the Bank interest on the amount of all such payments for a period of two (2) business days subsequent to the date of credit to undersigned's loan account at the rate of interest being charged under this note.

The Bank's base rate means the fluctuating base rate of interest established by the Bank from time to time whether or not such rate is otherwise published. The base rate is established for the convenience of the Bank. It is not necessarily the Bank's lowest rate.

In the event that any payment shall not be received by the Bank within (10) days of the due date, the Bank shall, in addition to and not to the exclusion of its other rights under this note, be entitled to, and Borrower shall pay the Bank a late charge of 5% of the overdue payment, but not to exceed \$1,000. Late charges assessed by the Bank are immediately due and payable. Payments are deemed made the banking day payment is received by the Bank; payments received after 3:00 P.M. will be deemed made the next banking day.

Notwithstanding any other limitations contained in this note, the Bank does not intend to charge and the undersigned shall not be required to pay any interest or other fees or charges in excess of the maximum permitted by applicable law. Any payments in excess of such maximum shall be refunded to the undersigned or credited against principal.

The unpaid principal balance hereon at any time shall not exceed \$\_\_\_\_\_ and shall be equal to the aggregate amount of all loans then made less the aggregate amount of all payments then made thereon. The holder hereof is authorized to set forth in writing from time to time on the reverse hereof the date and amount of each loan and any payment of principal and the principal balance then unpaid hereon.

The undersigned may pay this note in full at any time and in part from time to time, and the Bank may make subsequent advances hereunder (provided that the outstanding principal balance shall not exceed the amount stated hereon) without affecting the validity of or security of this note.

Any loan shall be conclusively presumed to have been made to and for the benefit and at the request of the undersigned when:

1. Deposited or credited to an account of the undersigned with the Bank, notwithstanding that such advance was requested, orally or in writing, by someone other than the undersigned or that someone other than the undersigned is authorized to draw on such account and may or does withdraw the whole or any part of such loan; or

2. Made in accordance with the oral or written instructions of the undersigned, or any one of them if more than one, or of anyone signing below for or on behalf of the undersigned.

The Bank is not responsible in any way for the release by its employees to make a loan or to honor a request for a loan.

This note is secured by and entitled to the benefits of each and every security agreement, assignment, stock power and/or mortgage covering personal or real property (all of which are hereinafter included in the term security agreement(s) which secures any indebtedness as defined as to include this note, including without limitation thereto all such security agreements which are of even date herewith and executed to the Bank, or have previously been executed to the Bank; said security agreement(s) may be further described in the space below.

This note is also secured by the following property which the undersigned and every other person liable hereon as endorser or guarantor has pledged or deposited with the Bank:

**Non-Marketable Securities**

as described in collateral loan receipt no. \_\_\_\_\_, or on any schedule attached hereto (including all cash, stock and other dividends and all rights to subscribe for securities incident to, declared, or granted in connection with such property), which property has heretofore been delivered into the possession, custody or control of the Bank or is so delivered concurrently with the execution hereof, or which is hereafter so delivered, which property together with all additions and substitutions hereafter pledged or deposited with the Bank is called the collateral. The collateral is also pledged as security for all other liabilities primary, secondary, direct, contingent, sole, part or several due or to become due or which may be hereafter contracted or acquired, of the undersigned to the Bank.

The Bank shall take reasonable care in custody and preservation of any collateral held by it hereunder to the extent required by law, but if the collateral so held consists in whole or in part of instruments or chattel paper, it shall not be a breach of reasonable care if the Bank does not take necessary steps to preserve rights against prior parties, nor shall it constitute a breach of reasonable care if the Bank fails to undertake to collect the principal of or interest or other increment on any instrument or investment security, or fails to present any investment security for conversion or other change, unless, after written notice to the Bank from the undersigned or from any other party liable hereon in any capacity whose property is held as collateral hereunder that such interest, other increment or principal is due, or that such investment security has been called for conversion or other change, the Bank fails to use reasonable diligence to undertake collection of such interest, increment or principal, or fails to make presentation for conversion or other change, or fails to enable the undersigned or such other party to do so.

If this note is payable otherwise than on demand, and if, prior to the time stated for the payment hereof, any party hereto liable for the payment hereof as maker, endorser or guarantor defaults in the payment of any other debt or liability owing to the Bank or if any such party fails to comply with any term or condition of any loan agreement relating to the loans evidenced by this note, or if any such party dies, or if a petition in bankruptcy is filed by or against any such party, or if any such party makes an assignment for the benefit of creditors or becomes a party to any proceeding under state or federal law for an adjustment, settlement, reorganization or composition of or other relief from such party's debts, or if a levy, garnishment, attachment or execution is made against the property of any such party, or if, in the opinion of the Bank, the amount of the collateral held by the Bank as security for the payment of this note and for the payment of all other debts and liabilities of any such party to the Bank is insufficient, or if the Bank demands that additional property be pledged with it as security for the payment hereof, and such demand is not complied with within the time specified by the Bank, or if any information hereunder or hereafter furnished to the Bank by any such party in connection with the loan evidenced hereby or any guaranty submitted in connection therewith should be materially false or if any such party fails to furnish such financial and other information as the Bank may reasonably request, or if any event takes place which, in the opinion of the Bank, impairs the financial responsibility of any such party, or if the Bank deems itself insecure for any other reason, then, in any such event this note, and, at other dates and liabilities of each such party to the Bank, shall, at the option of the Bank, and without notice to any such party, become immediately due and payable.

Upon nonpayment of this note at its stated or accelerated maturity, the Bank may, in addition to such other and further rights and remedies provided by law, (1) collect interest from the date of such maturity on the principal balance owing hereon at the rate on the note or at the highest legal rate at the time of default, whichever is higher, except that loans exempt from the usury statute will be charged a rate 5% over either the rate on the note or the legal rate at the time of default, whichever is higher; (2) sell the amount owing hereon against any deposit account maintained in the Bank by the undersigned or by any other person liable hereon as endorser or guarantor, and such right of sale shall be deemed to have been exercised immediately upon the stated or accelerated maturity hereof even though such sale is not noted on the Bank's records until a later time; (3) sell all or part of the collateral at public or private sale, with such notice, if any, as may be required by law, all such notice being hereby waived to the extent permitted by law; and (4) hold as security for the payment hereof any other property heretofore or hereafter delivered into the custody, control or possession of the Bank for any reason or purpose whatsoever, by any person liable for the payment hereof as maker, endorser or guarantor.

The undersigned and all endorsers waive presentment, notice of dishonor and protest.

The Bank may date this note as of the date of the making of the first advance evidenced by this note; complete any blank spaces in this note according to the terms of the agreement pursuant to which the loans evidenced by this note are made; and may cause the signature of one or more additional makers or endorsers of this note to be added at any time without notice to any prior signers.

The Bank may, without notice to or consent of any party liable for the payment hereof as maker, endorser or guarantor, and without impairing or in any way affecting the liability of such person to the Bank, (1) extend or otherwise alter the time for payment of this note; (2) alter any other term of this note by agreement with the maker hereof; (3) release, or settle or compromise with any other party liable for the payment hereof; and (4) release, or substitute for or fail to protect any interest in any collateral held by the Bank as security for the payment of any sum owing to the Bank by any party hereof; (5) accept a check or other order marked paid in full or with similar language as a payment under this note.

No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right under this note.

If this note is referred to an attorney (whether or not a licensed employee of the Bank) for collection, each party liable for the payment hereof as maker, endorser or guarantor agrees that an attorney's fee equal to 30% of the aggregate amount of the principal and interest owing hereon, plus costs, shall be added to such amount and shall be payable as part thereof. Attorney's fees may be collected from the collateral to the extent permitted under the Bankruptcy Act or other law.

If payment of this note is made by any co-maker or endorser the Bank is authorized at its election to surrender the collateral to the person making such payment.

If, at the time when this note is paid in full, any party liable thereon as maker, endorser or guarantor is liable to the Bank for the payment of any other debt or liability, the Bank may retain as security for the payment of such other debts and liabilities the collateral held by it as security for the payment of this note, with all the rights and remedies hereon and otherwise concerning upon the Bank as a secured party by law, notwithstanding the surrender by the Bank of this note upon payment hereof.

This note is binding on the undersigned, their heirs, administrators, executors and assigns.

If this note is executed by more than one maker, the word "undersigned" as used herein shall be deemed to refer to each of them and their liability hereunder shall be joint and several.

This note and the rights and obligations of all parties hereto shall be subject to and governed by the laws of the State of New Jersey.

IN WITNESS WHEREOF, the undersigned have caused this note to be executed the day and year aforesaid.

Witness/Attest:

*Doris M. Tarrant*

MARGUERITE CHANDLER

Type or Print Name of Borrower(s)

By *Marguerite Chandler*

Signature

By \_\_\_\_\_

Signature

By \_\_\_\_\_

Signature

Borrower's Address: \_\_\_\_\_

|    |     |        |
|----|-----|--------|
| R  | NO  | APP BY |
| PR |     |        |
| N  | MAT |        |
| PA |     |        |

For Bank Use Only



23040934727

STATEMENT OF DESIGNATION OF COUNSEL

OGC 7864

MUR 3119

90 SEP 14 AM 11:30

NAME OF COUNSEL: Robert A. Gunther  
Vice President & Associate Counsel  
ADDRESS: UJB Financial  
P.O. Box 2066, 301 Carnegie Center  
Princeton, N. J. 08540  
TELEPHONE: 609-987-3437

90 SEP 14 PM 1:01

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF THE CLERK  
WASHINGTON, D.C. 20543

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

September 10, 1990  
Date

Doris M. Tarrant  
Signature  
Doris M. Tarrant, President  
United Jersey Bank/Northwest

RESPONDENT'S NAME: Doris M. Tarrant, President  
United Jersey Bank/Northwest  
ADDRESS: 715 Route 10  
Randolph, N. J. 07869

HOME PHONE: xxxx  
BUSINESS PHONE: 201-328-2450/2451

23040934728

06C 783  
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MAIL ROOM  
90 SEP 26 AM 9:41

SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

(A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION)

COUNSELLORS AT LAW

PRESIDENTIAL CENTER

SUITE 300

293 EISENHOWER PARKWAY  
LIVINGSTON, NEW JERSEY 07039

(201) 740-1600

LAWRENCE S. SCHWARTZ

JOEL A. PISANO

STEPHEN J. EDELSTEIN

NATHANYA G. SIMON\*

DAVID H. BEN-ASHER

ROBERT C. GRIFFIN

MICHAEL S. RUBIN

BRENDA STRASHUN\*

MIGUEL A. MAZA

GEORGE B. McPHILLIPS\*\*

NICHOLAS CELSO, ED.D.

OF COUNSEL

\*MEMBER OF NJ AND NY BARS

\*\*MEMBER OF NY BAR ONLY

NUTLEY OFFICE:

598 FRANKLIN AVE.

NUTLEY, N.J. 07110

(201) 761-4444

(201) 235-9090

NEW YORK OFFICE:

200 WILLIS AVENUE

MINEOLA, NEW YORK 11501

(616) 747-8200

REPLY TO LIVINGSTON

TELECOPIER (201) 740-0891

September 24, 1990

BY FAX & REGULAR MAIL

General Counsel

Federal Election Commission

999 E Street, N.W.

Washington, D.C. 20463

Re: In the Matter of Chandler for  
Congress, Inc.  
MUR 3119

Dear Sir/Madam:

Enclosed please find a copy of the Chandler for Congress Committee's response to the Complaint filed in the above captioned matter. This response was originally filed with your office on September 7, 1990. The Chandler Committee had received, by Fax, a copy of the Complaint on August 23, 1990. To comply with the 15 day Rule of the FEC, the Chandler Committee felt it was prudent to file an Answer within that time frame following its initial receipt of the Complaint.

On September 8, 1990, the FEC formally served the Chandler Committee with a copy of the Complaint by way of a letter from Lois G. Lerner, Associate General Counsel. The Chandler Committee is, therefore, resubmitting its response within 15 days of its formal receipt of the Complaint.

Attached to the Complaint are documents referenced in the Chandler Committee's response which were inadvertently omitted from its prior submission. The Chandler Committee has also enclosed an executed Statement of Designation of Counsel, designating the law firm of Schwartz, Pisano, Simon and Edelstein, Stephen J. Edelstein, Esq., as counsel.

The Chandler Committee also wishes to inform the FEC that two additional loans were received by the Committee from the Edmar

90 SEP 26 PM 12:05

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SCHWARTZ, PISANO, SIMON, EDELSTEIN & BEN-ASHER

General Counsel  
Page-2-  
September 24, 1990

Corporation subsequent to the July 15th reporting period but prior to any notice from the FEC that such loans constituted a possible violation. Both loans were in the amount of \$25,000.00, and both loans were repaid as part of the same transaction with United Jersey Bank described in the Committee's response. These transactions will be duly reported in the Committee's October 15th report.

I am at your disposal to respond to any inquiries you may have, in an effort to resolve this matter as expeditiously as possible.

Thank you for your cooperation.

Very truly yours,

STEPHEN J. EDELSTEIN

SJE:jb  
cc: Jeffrey Michaels, Executive  
Director New Jersey Republican  
Committee

23040934780

STATEMENT OF DESIGNATION OF COUNSEL

MUR 3119

NAME OF COUNSEL: Stephen J. Edelstein, Esq.

ADDRESS: 293 Eisenhower Parkway

Suite 300

Livingston, New Jersey 07039

TELEPHONE: (201) 740-1600

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

9/10/90  
Date

Raymond L. Rubin  
Signature

RESPONDENT'S NAME: Chandler for Congress, Inc.

ADDRESS: P.O. Box 898

Somerville, New Jersey 08876

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: (201) 302-0990

2304093471



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-3

July 19, 1990

Raymond Babinski, Treasurer  
Chandler for Cogress Inc.  
P.O. Box 898  
Somerville, NJ 08876

Identification Number: C00240432

Reference: 12 Day Pre-Primary Report (4/1/90-5/16/90)

Dear Mr. Babinski:

On June 25, 1990, you were notified that a review of the above-referenced report(s) raised questions as to specific contributions and/or expenditures, and the reporting of certain information required by the Federal Election Campaign Act.

Your July 12, 1990 response is incomplete because you have not provided all the requested information. For this response to be considered adequate, the following information is still required.

-Your response indicates that "Loans from the candidate were derived from borrowings by the candidate from Edmar corporation...". Please be advised that in such an instance, the candidate is considered to be acting as an agent of the committee, and such a loan is considered to be made from the corporation to the committee. Also, please be advised that a loan is considered to be a contribution as long as it has an outstanding balance; thus, your committee has apparently received a corporate contribution. A contribution or loan from a corporation is prohibited by the Act, unless made by a separate segregated fund established by the corporation. (2 U.S.C. 5441b(a) and 11 CFR §10.3(b) ) If the loan you received is from a corporation, you should refund or repay the full amount to the donor and notify the Commission of such action. The refund or repayment must be made within thirty days of the treasurer's receipt and should appear on Schedule B of the appropriate report.

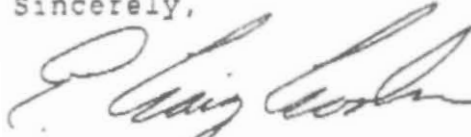
Although the Commission may take further legal steps, prompt action by you to refund the prohibited amount will be taken into consideration.

23040934732

If this information is not received by the Commission within fifteen (15) days from the date of this notice, the Commission may choose to initiate audit or legal enforcement action.

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

Sincerely,



John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

23040934733

GROSS & NOVAK, P.A.  
ATTORNEYS AT LAW

90 OCT 25 AM 11:46

EDWARD GROSS  
IRA S. NOVAK  
JAY SAMUELS  
NOLA R. BENCZER  
DENISE L. SANDERS  
TIMOTHY O'NEILL

ALSO ADMITTED IN  
NEW YORK  
PENNSYLVANIA

COLONIAL OAKS OFFICE PARK  
BRIER HILL BUILDING C  
P. O. BOX 188  
EAST BRUNSWICK, N. J. 08816

(201) 254-4200

TELECOPIERS:  
(201) 254-4256  
(201) 238-0667

October 24, 1990

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: In the Matter of  
Chandler for Congress, Inc.  
MUR #3119

Dear Mr. Noble:

The New Jersey Republican State Committee (hereinafter "Republican State Committee"), the Complainant in the above-referenced matter submits this letter as a supplement to its Complaint of August 23, 1990, and respectfully requests its consideration by the Federal Election Commission in investigating this matter.

The initial Complaint requested an audit and investigation of the Chandler for Congress Committee relative to the candidate, Marguerite Chandler, accepting illegal corporate loans to her campaign for Congress in the 12th District. The Complaint further asked the Federal Election Commission to investigate the loan or loans Ms. Chandler received from United Jersey Bank/Northwest to repay the funds illegally obtained from Edmar Corporation and to review the line of credit Ms. Chandler negotiated with United Jersey Bank/Northwest.

The Republican State Committee has recently reviewed the October 12, 1990 report filed by Chandler for Congress, Inc., with the Federal Election Commission for the period covering July 1, 1990, through September 30, 1990, and a supplemental report filed by the Chandler Committee for the same period. (Copies attached hereto.) The initial report lists nine (9) separate loans from United Jersey Bank/Northwest to Chandler for Congress, Inc. The loans range in amount from \$25,000 to \$420,150, all but two of which are at rates below 8.0%. The other two loans are each at 10.0%. All but one loan (for \$150,000) are secured and guaranteed. The supplemental report alleges that an error was made in the calculation of the interest on the loans as initially

90 OCT 26 PM 3:48

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Page #2  
October 24, 1990

reported and now shows all loans from United Jersey Bank/Northwest to the Chandler Committee as being at the rate of 10.0%.

The loans as initially reported by the Chandler Committee do not, on their face, indicate with certainty whether they were made in the ordinary course of business at competitive rates. However, the interest rates stated in that report are sufficiently below market rates to warrant further investigation by the Federal Election Commission to determine whether these are loans that comply with Federal Election Commission regulations, specifically 11 CFR §100.7(b)(11). The supplemental report asserting that all United Jersey Bank/Northwest loans were actually made at the higher 10.0% rate does not negate the need for an investigation but, in fact, adds more uncertainty as to the exact terms and conditions under which the loans were made.

Based on the foregoing, the Republican State Committee requests that the Federal Election Commission investigate the loans made by United Jersey Bank/Northwest to Chandler for Congress, Inc., and, if said loans are found to be in violation of law, that the appropriate penalties be assessed.

Respectfully yours,

  
EDWARD GROSS  
Attorney for  
New Jersey Republican  
State Committee

EG/cb  
encl.  
cc: Stephen J. Edelstein, Esq.

# REPORT OF RECEIPTS AND DISBURSEMENTS

For An Authorized Committee  
(Summary Page)

OR  
TYPE OR PRINT

|                                                                                                                  |                              |                                                                                                        |
|------------------------------------------------------------------------------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------|
| 1. NAME OF COMMITTEE (in full)<br>Chandler for Congress, Inc.                                                    |                              | 2. FEC IDENTIFICATION NUMBER<br>C00240432                                                              |
| ADDRESS (number and street) <input type="checkbox"/> Check if different than previously reported<br>P.O. Box 149 |                              |                                                                                                        |
| CITY, STATE and ZIP CODE<br>Somerville, NJ 08876                                                                 | STATE/DISTRICT<br>NJ/12th CD | 3. IS THIS REPORT AN AMENDMENT?<br><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |

## 4. TYPE OF REPORT

|                                                                           |                                                                                                                              |
|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> April 15 Quarterly Report                        | <input type="checkbox"/> Twelfth day report preceding _____<br>(Type of Election)<br>election on _____ in the State of _____ |
| <input type="checkbox"/> July 15 Quarterly Report                         | <input type="checkbox"/> Thirtieth day report following the General Election on _____<br>in the State of _____               |
| <input checked="" type="checkbox"/> October 15 Quarterly Report           |                                                                                                                              |
| <input type="checkbox"/> January 31 Year End Report                       |                                                                                                                              |
| <input type="checkbox"/> July 31 Mid-Year Report (Non-election Year Only) | <input type="checkbox"/> Termination Report                                                                                  |

This report contains activity for ☒ Primary Election ☒ General Election ☐ Special Election ☐ Runoff Election

## SUMMARY

| 5. Covering Period                                                                               | COLUMN A<br>This Period | COLUMN B<br>Calendar Year-to-Date |
|--------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------|
| 07/01/90 through 09/30/90                                                                        |                         |                                   |
| 6. Net Contributions (other than loans)                                                          |                         |                                   |
| (a) Total Contributions (other than loans) (from Line 11(a))                                     | 43,678.45               | 189,816.29                        |
| (b) Total Contribution Refunds (from Line 20(d))                                                 | 00.00                   | 30.00                             |
| (c) Net Contributions (other than loans) (subtract Line 6(b) from 6(a))                          | 43,678.45               | 189,786.29                        |
| 7. Net Operating Expenditures                                                                    |                         |                                   |
| (a) Total Operating Expenditures (from Line 17)                                                  | 430,066.31              | 907,908.33                        |
| (b) Total Offsets to Operating Expenditures (from Line 14)                                       | 2,737.32                | 4,735.48                          |
| (c) Net Operating Expenditures (subtract Line 7(b) from 7(a))                                    | 427,328.99              | 903,172.85                        |
| 8. Cash on Hand at Close of Reporting Period (from Line 27)                                      | 25,921.13               |                                   |
| 9. Debts and Obligations Owed TO the Committee<br>(Itemize all on Schedule C and/or Schedule D)  | 00.00                   |                                   |
| 10. Debts and Obligations Owed BY the Committee<br>(Itemize all on Schedule C and/or Schedule D) | 754,407.69              |                                   |

For further information  
contact:  
Federal Election Commission  
999 E Street, NW  
Washington, DC 20463  
Toll Free 800-424-9530  
Local 202-375-3120

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

Type or Print Name of Treasurer  
Raymond Babinski

Signature of Treasurer

*Raymond Babinski*

Date

10/12/90

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

FEC FORM 3

PAGE 00

# DETAILED SUMMARY PAGE

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

|                                                                               |  |                                                    |
|-------------------------------------------------------------------------------|--|----------------------------------------------------|
| Name of Committee (in full)<br><b>Chandler for Congress, Inc.</b>             |  | Report Covering the Period<br>From <b>07/01/90</b> |
| <b>I. RECEIPTS</b>                                                            |  | <b>COLUMN A</b><br>Total This Period               |
| 11. CONTRIBUTIONS (other than loans) FROM                                     |  |                                                    |
| (a) Individuals/Persons Other Than Political Committees                       |  |                                                    |
| (i) Itemized (use Schedule A)                                                 |  | 15,405.00                                          |
| (ii) Unitemized                                                               |  | 14,648.45                                          |
| (iii) Total of contributions from individuals                                 |  | 30,053.45                                          |
| (b) Political Party Committees                                                |  | 25.00                                              |
| (c) Other Political Committees (such as PACs)                                 |  | 13,600.00                                          |
| (d) The Candidate                                                             |  |                                                    |
| (e) TOTAL CONTRIBUTIONS (other than loans) (add 11(a)(iii), (b), (c) and (d)) |  | 43,678.45                                          |
| 12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES                                |  | 00.00                                              |
| 13. LOANS                                                                     |  |                                                    |
| (a) Made or Guaranteed by the Candidate (See Footnote)                        |  | 787,630.61                                         |
| (b) All Other Loans                                                           |  | 00.00                                              |
| (c) TOTAL LOANS (add 13(a) and (b))                                           |  | 787,630.61                                         |
| 14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.)                |  | 2,737.32                                           |
| 15. OTHER RECEIPTS (Dividends, Interest, etc.)                                |  | 00.00                                              |
| 16. TOTAL RECEIPTS (add 11(e), 12, 13(c), 14 and 15)                          |  | 834,046.38                                         |
| <b>II. DISBURSEMENTS</b>                                                      |  |                                                    |
| 17. OPERATING EXPENDITURES                                                    |  | 430,066.31                                         |
| 18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES                                  |  | 00.00                                              |
| 19. LOAN REPAYMENTS:                                                          |  |                                                    |
| (a) Of Loans Made or Guaranteed by the Candidate (See Footnote)               |  | 416,000.00                                         |
| (b) Of All Other Loans                                                        |  | 00.00                                              |
| (c) TOTAL LOAN REPAYMENTS (add 19(a) and (b))                                 |  | 416,000.00                                         |
| 20. REFUNDS OF CONTRIBUTIONS TO:                                              |  |                                                    |
| (a) Individuals/Persons Other Than Political Committees                       |  | 00.00                                              |
| (b) Political Party Committees                                                |  | 00.00                                              |
| (c) Other Political Committees (such as PACs)                                 |  | 00.00                                              |
| (d) TOTAL CONTRIBUTION REFUNDS (add 20(a), (b) and (c))                       |  | 00.00                                              |
| 21. OTHER DISBURSEMENTS                                                       |  | 100.00                                             |
| 22. TOTAL DISBURSEMENTS (add 17, 18, 19(c), 20(d) and 21)                     |  | 846,166.31                                         |
| <b>III. CASH SUMMARY</b>                                                      |  |                                                    |
| 23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD                             |  | \$ 38.00                                           |
| 24. TOTAL RECEIPTS THIS PERIOD (from Line 16)                                 |  | \$ 834.00                                          |
| 25. SUBTOTAL (add Line 23 and Line 24)                                        |  | \$ 872.00                                          |
| 26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22)                            |  | \$ 846.1                                           |
| 27. CASH ON HAND AT CLOSE OF THE REPORTING PERIOD (subtract Line 26 from 25)  |  | \$ 25.9                                            |

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Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source      | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Chandler Corporation<br>P.O. Box 149<br>Round Brook, NJ 08805- | \$ 50,000.00                   | \$ 50,000.00                     | \$ 0.00                                      |

SECTION: [P]PRIMARY [ ]GENERAL [ ]OTHER (SPECIFY):

Accrued 04/23/90 Due / / Interest Rate 8.30% [ ] Secured

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

| Full Name, Address and ZIP Code                            | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Merville, NJ 08876- |                                                              | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer |
|---------------------------------|------------------|
|---------------------------------|------------------|

Occupation

|   |                                  |      |
|---|----------------------------------|------|
| - | Amount Guaranteed Outstanding \$ | 0.00 |
|---|----------------------------------|------|

| Full Name, Address and ZIP Code | Name of Employer |
|---------------------------------|------------------|
|---------------------------------|------------------|

Occupation

|   |                                  |      |
|---|----------------------------------|------|
| - | Amount Guaranteed Outstanding \$ | 0.00 |
|---|----------------------------------|------|

TOTALS This Period This Page (optional).....\$ 0.00

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Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Edmar Corporation<br>P.O. Box 149<br>Sound Brook, NJ 08805- | \$ 45,000.00                   | \$ 45,000.00                     | \$ 0.00                                      |

ELECTION: [P]PRIMARY [ ]GENERAL [ ]OTHER (SPECIFY):

Incurred 05/05/90 Due / / Interest Rate 8.32% [ ] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

NET TOTALS This Period This Page (optional).....\$ 0.00  
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Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Edmar Corporation<br>P.O. Box 149<br>Bound Brook, NJ 08805-  | \$ 19,000.00                   | \$ 19,000.00                     | \$ 0.00                                      |

ELECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Incurred 05/11/90 Due / / Interest Rate 8.32% ☐ Secured

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

| 1. Full Name, Address and ZIP Code                             | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|----------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 0.00                             |

| 2. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

| 3. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

SUBTOTALS This Period This Page (optional).....\$ 0.00  
TOTALS This Period (last page in this line only).....\$

030403470

SCHEDULE C  
Revised 3/80)

LOANS

Page 1 of 17  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source      | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|----------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Chandler Corporation<br>P.O. Box 149<br>Round Brook, NJ 08805- | \$ 50,000.00                   | \$ 50,000.00                     | \$ 0.00                                      |

SECTION: [P]PRIMARY [ ]GENERAL [ ]OTHER (SPECIFY):

Incurred 05/18/90 Due / / Interest Rate 8.32% [ ] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

UBTOTALS This Period This Page (optional).....\$ 0.00  
TOTALS This Period (last page in this line only).....\$



Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source  | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Imar Corporation<br>P.O. Box 149<br>Sound Brook, NJ 08805- | \$ 50,000.00                   | \$ 50,000.00                     | \$ 0.00                                      |

SECTION: ☒ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Accrued 06/04/90 Due / / Interest Rate 8.32% ☐ Secured

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

| Full Name, Address and ZIP Code                             | Name of Employer           | Occupation | Amount Guaranteed Outstanding \$ |
|-------------------------------------------------------------|----------------------------|------------|----------------------------------|
| Arguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- | Self-Employed<br>Candidate |            | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

BTOTALS This Period This Page (optional).....\$ 0.00  
BTOTALS This Period (last page in this line only).....\$



Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source  | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Imar Corporation<br>P.O. Box 149<br>Sound Brook, NJ 08805- | \$ 10,000.00                   | \$ 10,000.00                     | \$ 0.00                                      |

SECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Accrued 07/09/90 Due / / Interest Rate 8.16% [ ] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

TOTALS This Period This Page (optional).....\$ 0.00  
TOTALS This Period (last page in this line only).....\$

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source     | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|---------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Chandler Corporation<br>P.O. Box 149<br>Lund Brook, NJ 08805- | \$ 42,000.00                   | \$ 42,000.00                     | \$ 0.00                                      |

SECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Accrued 07/18/90 Due / / Interest Rate 8.16% [ ] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer                         | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- | Self-Employed<br>Occupation<br>Candidate | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

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|                                                         |      |
|---------------------------------------------------------|------|
| TOTALS This Period This Page (optional).....\$          | 0.00 |
| TOTALS This Period (last page in this line only).....\$ |      |

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230403474

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source    | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- | \$ 3,777.08                    | \$ 0.00                          | \$ 3,777.08                                  |

SECTION: [P] PRIMARY [ ] GENERAL [ ] OTHER (SPECIFY):

Accrued 05/03/90 Due 05/03/91 Interest Rate 8.16% [ ] Secured

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

| Full Name, Address and ZIP Code | Name of Employer                 | Occupation |
|---------------------------------|----------------------------------|------------|
|                                 |                                  |            |
| -                               | Amount Guaranteed Outstanding \$ | 0.00       |

| Full Name, Address and ZIP Code | Name of Employer                 | Occupation |
|---------------------------------|----------------------------------|------------|
|                                 |                                  |            |
| -                               | Amount Guaranteed Outstanding \$ | 0.00       |

| Full Name, Address and ZIP Code | Name of Employer                 | Occupation |
|---------------------------------|----------------------------------|------------|
|                                 |                                  |            |
| -                               | Amount Guaranteed Outstanding \$ | 0.00       |

BTOTALS This Period This Page (optional).....\$ 3,777.08  
TOTALS This Period (last page in this line only).....\$

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=====

ie of Committee (in full): Chandler for Congress, Inc.

=====

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| ited Jersey Bank NW<br>ite 10 Dover-Chester Rd. S<br>ndolph, NJ , 07869- | 150,000.00 S                   | 150,000.00 S                     | 0.00                                         |

SECTION: [P]PRIMARY [ ]GENERAL [ ]OTHER (SPECIFY):

-----

current 12/27/89 Due 12/27/90 Interest Rate 10% (apr) [ ] Secured

-----

-----

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

-----

| Full Name, Address and ZIP Code                           | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|-----------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| rguerite Chandler<br>Lisa Terrace<br>merville , NJ 08876- |                                                              | 0.00                             |

-----

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

-----

-----

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

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UBTOTALS This Period This Page (optional).....\$ 0.00

OTALS This Period (last page in this line only).....\$

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Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                         | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-----------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. \$<br>Philadelphia, NJ 07869- | 420,150.61 \$                  | 0.00 \$                          | 420,150.61                                   |

SECTION: ☐ PRIMARY ☒ GENERAL ☐ OTHER (SPECIFY):

Current 08/01/90 Due 01/31/91 Interest Rate 10% (apr) ☒ Secured

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

| Full Name, Address and ZIP Code                           | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate |
|-----------------------------------------------------------|--------------------------------------------------------------|
| Arguerite Chandler<br>Lisa Terrace<br>Merville, NJ 08876- | Amount Guaranteed Outstanding \$ 420,150.61                  |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation        |
|---------------------------------|---------------------------------------|
| -                               | Amount Guaranteed Outstanding \$ 0.00 |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation        |
|---------------------------------|---------------------------------------|
| -                               | Amount Guaranteed Outstanding \$ 0.00 |

BTOTALS This Period This Page (optional).....\$ 420,150.61  
TOTALS This Period (last page in this line only).....\$

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-----------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. \$    | 25,000.00 \$                   | 0.00 \$                          | 25,000.00                                    |

andolph, NJ 07869-

LECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 08/07/90 Due 01/31/91 Interest Rate 7.94% [X] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 25,000.00                        |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

UBTOTALS This Period This Page (optional).....\$ 25,000.00  
DTALS This Period (last page in this line only).....\$

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Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                       | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|---------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. S<br>Haddonfield, NJ 07869- | 25,000.00 S                    | 0.00 S                           | 25,000.00                                    |

SECTION: ( ) PRIMARY (X) GENERAL ( ) OTHER (SPECIFY):

Current 08/17/90 Due 01/31/91 Interest Rate 7.94% [X] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer                         | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|------------------------------------------|----------------------------------|
| Arguerite Chandler<br>Lisa Terrace<br>Haddonfield, NJ 08876- | Self-Employed<br>Occupation<br>Candidate | 25,000.00                        |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|------------------|------------|----------------------------------|
|                                 |                  |            | 0.00                             |

TOTALS This Period This Page (optional).....\$ 25,000.00  
TOTALS This Period (last page in this line only).....\$

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47  
23040

=====

Name of Committee (in full): Chandler for Congress, Inc.

=====

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                     | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. S<br>Mendolphi, NJ 07869- | 25,000.00 \$                   | 0.00 \$                          | 25,000.00                                    |

SECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

-----

Current 08/28/90 Due 01/31/91 Interest Rate 7.94% [X] Secured

-----

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

-----

| Full Name, Address and ZIP Code                           | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|-----------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Arguerite Chandler<br>Lisa Terrace<br>Merville, NJ 08876- |                                                              | 25,000.00                        |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

=====

TOTALS This Period This Page (optional).....\$ 25,000.00

TOTALS This Period (last page in this line only).....\$

0  
4  
3  
4  
0



SCHED E C  
(Revised 3/80)

LOANS

Name of Committee (in full): Chandler for Congress, Inc.

A. Full Name, Mailing Address Original Cumulative  
and ZIP Code of Loan Source Amount Payment to  
United Jersey Bank NW of Loan: Date

Route 10 Dover-Chester Rd. S 66,000.00 \$ 0  
Randolph, NJ 07869-

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 09/04/90 Due 01/31/91 Interest Rate 7.79%

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

1. Full Name, Address and ZIP Code Name of Employer  
Self-Employed  
Marguerite Chandler Occupation  
6 Lisa Terrace Candidate  
Somerville, NJ 08876- Amount Guaranteed Outstand

2. Full Name, Address and ZIP Code Name of Employer  
Occupation  
- Amount Guaranteed Outstand

3. Full Name, Address and ZIP Code Name of Employer  
Occupation  
- Amount Guaranteed Outstand

SUBTOTALS This Period This Page (optional).....  
TOTALS This Period (last page in this line only).....

93040934751

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                    | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. S<br>Randolph, NJ 07869- | 26,705.00 \$                   | 0.00 \$                          | 26,705.00                                    |

SECTION: ☐ PRIMARY ☒ GENERAL ☐ OTHER (SPECIFY):

Incurred 09/11/90 Due 01/31/91 Interest Rate 7.79% ☒ Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 26,705.00                        |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|---------------------------------|--------------------------------|----------------------------------|
|                                 |                                | 0.00                             |

UBTOTALS This Period This Page (optional).....\$ 26,705.00  
TOTALS This Period (last page in this line only).....\$

230403472

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                    | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. S<br>Randolph, NJ 07869- | 53,571.00                      | \$ 0.00                          | \$ 53,571.00                                 |

SECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Accrued 09/12/90 Due 01/31/91 Interest Rate 7.79% [X] Secured

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

| Full Name, Address and ZIP Code                              | Name of Employer           | Occupation | Amount Guaranteed Outstanding |
|--------------------------------------------------------------|----------------------------|------------|-------------------------------|
| Marguerite Chandler<br>Lisa Terrace<br>Somerville, NJ 08876- | Self-Employed<br>Candidate |            | \$ 53,571.00                  |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding |
|---------------------------------|------------------|------------|-------------------------------|
|                                 |                  |            | \$ 0.00                       |

| Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding |
|---------------------------------|------------------|------------|-------------------------------|
|                                 |                  |            | \$ 0.00                       |

UBTOTALS This Period This Page (optional).....\$ 53,571.00  
TOTALS This Period (last page in this line only).....\$

2304133473

Revised 3/80)

LOANS

Name of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source                   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-----------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank, NW<br>Suite 10 Dover Chester Rd. S<br>Rdolph, NJ 07869- | 94,204.00 S                    | 0.00 S                           | 94,204.00                                    |

SECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Occurred 09/20/90 Due 01/31/91 Interest Rate 7.79% [X] Secured

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

| Full Name, Address and ZIP Code                          | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding S |
|----------------------------------------------------------|--------------------------------------------------------------|---------------------------------|
| Guerrite Chandler<br>Lisa Terrace<br>Merville, NJ 08876- |                                                              | 94,204.00                       |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding S |
|---------------------------------|--------------------------------|---------------------------------|
|                                 |                                | 0.00                            |

| Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding S |
|---------------------------------|--------------------------------|---------------------------------|
|                                 |                                | 0.00                            |

TOTALS This Period This Page (optional).....\$ 94,204.00  
TOTALS This Period (last page in this line only).....\$ 739,407.69

4743940

SCHEDULE D  
(Revised 3/80)

DEBTS AND OBLIGATIONS  
Excluding Loans

Name of Committee (in full) - Chandler for Congress, Inc.  
Beginning Amount  
Balance Incurred

A. Full Name, Address and ZIP

Baraff/Lawrence 0.00 15000.00 10  
46 Bayard Street  
New Brunswick, NJ 08901-

Nature of Debt (Purpose): Media Consultants

B. Full Name, Address and ZIP

Greenberg-Lake 7128.00 0.00  
515 2nd Street NE  
Washington, DC 20002-

Nature of Debt (Purpose): Polling Program

C. Full Name, Address and ZIP

Tony Schwartz, New Sounds 30000.00 0.00 20  
455 West 56th Street  
New York, NY 10019-

Nature of Debt (Purpose): Media

- 1) SUBTOTALS This Period This Page (optional).....
- 2) TOTAL This Period (last page this line only).....
- 3) TOTAL OUTSTANDING LOANS from Schedule C (last page onl
- 4) ADD 2) & 3) and carry to appropriate line of Summary P

23040934755

FOOTNOTE REGARDING LOANS AND LOAN REPAYMENTS

Loan activity as reported on lines 13(a) and 19(a), which detail of the current period activity is included on Schedules A and B, respectively, reflects, in part, transactions with Edmar Corporation. The transactions with Edmar amounted to \$266,000.00, of which \$52,000.00 of receipts occurred in the current reporting period and the remainder occurred in previous reporting periods, and were duly reported.

Please take note that the Federal Election Commission is aware of this activity and that all receipts took place prior to communication with and notification by the Commission that the transactions constituted a violation of FEC regulations.

Further, be advised that all such loans were repaid with interest and in a timely fashion on August 1, 1990, as reported herein.

# Marguerite Chandler

## F O R C O N G R E S S

October 23, 1990

Clerk of the House of Representatives  
Office of Records and Registration  
1036 Longworth House Office Building  
Washington, D.C. 20510-7116

RE: Chandler for Congress, Inc.  
FEC ID # C00240432  
October 15 Quarterly Report  
FEC Form 3 - Schedule C

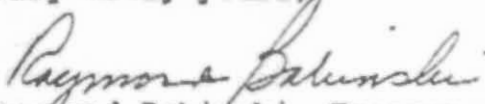
Gentlemen:

Please be advised that the report cited above contained an inadvertent error in the calculation of interest on loans from the United Jersey Bank Northwest ("UJB/NW") as reflected in Schedule C, pages 11 of 17 through 17 of 17. As shown in the statement of interest, which accompanies this letter, the loan instrument calls for an annual percentage interest rate of 10%.

FEC regulations require bank loans made through the candidate to the Campaign Committee to be shown as transactions directly between the bank and the Committee. However, under the terms of the UJB/NW loan, interest due is in fact paid by the Candidate with the Committee reimbursing the Candidate for the amount paid. As a result of this miscalculation in the interest rate, the Committee paid the Candidate \$14,132.16 as reimbursement for her interest payments (as shown on page 21 of 40 in Schedule B as disbursements to UJB/NW), instead of \$14,597.03 which was the actual amount paid by the Candidate. The difference of \$464.77 was disbursed to the Candidate today, October 23, 1990, and will appear as a disbursement to UJB/NW in the Committee's next filing with the FEC.

We hope this information clarifies the transaction between UJB/NW and the Committee and we apologize for any inconvenience created by this submission.

Very truly yours,



Raymond Babinski, Treasurer  
Chandler for Congress, Inc.

ENCL.

23040934758



CUSTOMER NUMBER:  
BILL DATE:

MARGUERITE CHANDLER

OFFICE: P. 05  
70000000

| OBLIGATION<br>NUMBER | EFFECTIVE DATES<br>FROM THROUGH |          | PRINCIPAL<br>BALANCE | INTEREST<br>RATE | AMOUNT<br>DUE | CHARGE<br>TYPE-CD |
|----------------------|---------------------------------|----------|----------------------|------------------|---------------|-------------------|
|                      | ADJUST                          |          |                      |                  |               |                   |
|                      | 08-31-90                        | 09-03-90 | 511,500.00           | 10.00            | 116.05        | INT -100          |
|                      | 09-04-90                        | 09-10-90 | 577,530.00           | 10.00            | 508.34        | INT -100          |
|                      | 09-11-90                        | 09-11-90 | 604,205.00           | 10.00            | 1,122.91      | INT -100          |
|                      | 09-12-90                        | 09-29-90 | 657,776.00           | 10.00            | 167.04        | INT -100          |
|                      |                                 |          |                      | TOTAL            | 3,266.08      | INT -100          |
|                      |                                 |          |                      |                  | 3,266.02      |                   |

TO AVOID ADDITIONAL CHARGES PAYMENT MUST BE MADE BY DUE DATE 09-30-90  
PLEASE NOTE THAT "CURRENT INTEREST DUE" HAS BEEN PROJECTED FROM 09-18-90 THROUGH 09-29-90

|                        |            |                    |            |
|------------------------|------------|--------------------|------------|
| CURRENT PRINCIPAL DUE: | \$ .00     |                    |            |
| PAST DUE PRINCIPAL:    | \$ .00     |                    |            |
| CURRENT INTEREST DUE:  | \$5,266.02 | PAYMENT DUE DATE:  | 09-30-90   |
| PAST DUE INTEREST:     | \$ .00     | TOTAL PAYMENT DUE: | \$5,266.02 |
| CURRENT FEE DUE:       | \$ .00     |                    |            |
| PAST DUE FEE:          | \$ .00     |                    |            |

UNITED JERSEY BANK NORTHWEST

P.O. BOX 924

DOVER, N.J. 07801

PRINCIPAL TRANSACTIONS OCCURRING AFTER THE BILL DATE WILL BE REFLECTED IN THE NEXT BILL.

23040934759

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source                  | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. \$<br>Randolph, NJ 07869- | 25,000.00 \$                   | 0.00 \$                          | 25,000.00                                    |

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 08/07/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

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

| 1. Full Name, Address and ZIP Code                             | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|----------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 25,000.00                        |

| 2. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

| 3. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

SUBTOTALS This Period This Page (optional).....\$ 25,000.00  
TOTALS This Period (last page in this line only).....\$

SCHEDULE C  
(Revised 3/80)

LOANS

P. 07  
LINE NUMBER

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source               | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding<br>Close of P |
|----------------------------------------------------------------------------|--------------------------------|----------------------------------|--------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd.<br>Randolph, NJ 07869- | \$ 25,000.00                   | \$ 0.00                          | \$ 25,000.00                         |

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 08/17/90 Due 01/31/91 Interest Rate 10.00% [X] Sec

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

| 1. Full Name, Address and ZIP Code                             | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|----------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 25,000.00                        |

| 2. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                |                                  |

| 3. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                |                                  |

SUBTOTALS This Period This Page (optional).....\$ 25,000.00  
TOTALS This Period (last page in this line only).....\$

23040934761

{Revised 3/80}

LOANS

P.08  
Page 13 of 17  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. \$       | 25,000.00 \$                   |                                  |                                              |
| Randolph, NJ 07869-                                          |                                | 0.00 \$                          | 25,000.00                                    |

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 08/28/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

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

| 1. Full Name, Address and ZIP Code | Name of Employer | Amount Guaranteed Outstanding \$ |
|------------------------------------|------------------|----------------------------------|
| Marguerite Chandler                | Self-Employed    |                                  |
| 6 Lisa Terrace                     | Occupation       |                                  |
| Somerville, NJ 08876-              | Candidate        |                                  |
|                                    |                  | 25,000.00                        |

| 2. Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|------------------|------------|----------------------------------|
|                                    |                  |            | 0.00                             |

| 3. Full Name, Address and ZIP Code | Name of Employer | Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|------------------|------------|----------------------------------|
|                                    |                  |            | 0.00                             |

SUBTOTALS This Period This Page (optional).....\$ 25,000.00

TOTALS This Period (last page in this line only).....\$

3/80)

LOANS

Committee (in full): Chandler for Congress, Inc.

| Name, Mailing Address               | Original Amount | Cumulative Payment to Date | Balance Outstanding at Close of Period |
|-------------------------------------|-----------------|----------------------------|----------------------------------------|
| Key Bank NW<br>lover-Chester Rd. \$ | 66,000.00 \$    | 0.00 \$                    | 66,000.00                              |
| , NJ 07869-                         |                 |                            |                                        |

[ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

1/04/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

dorsers or Guarantors (if any) to Item A

| Name, Address and ZIP Code | Name of Employer | Amount Guaranteed Outstanding \$ |
|----------------------------|------------------|----------------------------------|
| Chandler                   | Self-Employed    |                                  |
| ce                         | Occupation       |                                  |
|                            | Candidate        |                                  |
| , NJ 08876-                |                  | 66,000.00                        |

Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

Period This Page (optional).....\$ 66,000.00  
iod (last page in this line only).....\$

SCHEDULE C  
(Revised 3/80)

## LOANS

Page 15 of 17  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank NW<br>Route 10 Dover-Chester Rd. \$       | 26,705.00                      | \$                               | 0.00 \$                                      |
| Randolph, NJ 07869-                                          |                                |                                  | 26,705.00                                    |

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 09/11/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

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

| 1. Full Name, Address and ZIP Code                             | Name of Employer           | Occupation | Amount Guaranteed Outstanding \$ |
|----------------------------------------------------------------|----------------------------|------------|----------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- | Self-Employed<br>Candidate |            | 26,705.00                        |

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

3. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 26,705.00

TOTALS This Period (last page in this line only).....\$

## LOANS

vised 3/80)

of Committee (in full): Chandler for Congress, Inc.

| Full Name, Mailing Address<br>and ZIP Code of Loan Source | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|-----------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| ed Jersey Bank NW<br>e 10 Dover-Chester Rd. \$            | 53,571.00 \$                   | 0.00 \$                          | 53,571.00                                    |

olph , NJ 07869-

TION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

rrred 09/12/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

All Endorsers or Guarantors (if any) to Item A

| Full Name, Address and ZIP Code                  | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|--------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| erite Chandler<br>a Terrace<br>ville , NJ 08876- |                                                              | 53,571.00                        |

11 Name, Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

1 Name, Address and ZIP Code Name of Employer

Occupation

- Amount Guaranteed Outstanding \$ 0.00

MLS This Period This Page (optional).....\$ 53,571.00

This Period (last page in this line only).....\$

(Revised 3/80)

LOANS

P. 12  
LINE NUMBER 10

Name of Committee (in full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address<br>and ZIP Code of Loan Source                   | Original<br>Amount<br>of Loan: | Cumulative<br>Payment to<br>Date | Balance<br>Outstanding at<br>Close of Period |
|--------------------------------------------------------------------------------|--------------------------------|----------------------------------|----------------------------------------------|
| United Jersey Bank, NW<br>Route 10 Dover Chester Rd. \$<br>Randolph, NJ 07869- | 94,204.00 \$                   | 0.00 \$                          | 94,204.00                                    |

ELECTION: [ ] PRIMARY [X] GENERAL [ ] OTHER (SPECIFY):

Incurred 09/20/90 Due 01/31/91 Interest Rate 10.00% [X] Secured

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

| 1. Full Name, Address and ZIP Code                             | Name of Employer<br>Self-Employed<br>Occupation<br>Candidate | Amount Guaranteed Outstanding \$ |
|----------------------------------------------------------------|--------------------------------------------------------------|----------------------------------|
| Marguerite Chandler<br>6 Lisa Terrace<br>Somerville, NJ 08876- |                                                              | 94,204.00                        |

| 2. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

| 3. Full Name, Address and ZIP Code | Name of Employer<br>Occupation | Amount Guaranteed Outstanding \$ |
|------------------------------------|--------------------------------|----------------------------------|
|                                    |                                | 0.00                             |

SUBTOTALS This Period This Page (optional).....\$ 94,204.00  
TOTALS This Period (last page in this line only).....\$ 739,407.69





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 13, 1990

Stephen J. Edelstein, Esquire  
293 Eisenhower Parkway  
Suite 300  
Livingston, New Jersey 07039

RE: MUR 3119  
Chandler for Congress  
Committee, Inc.  
Raymond Babinski, as treasurer

Dear Mr. Edelstein:

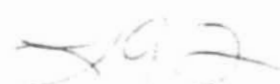
On September 5, 1990, your clients were notified that the Federal Election Commission received a complaint from Jeffrey Michaels, Executive Director of the New Jersey Republican State Committee, alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time, your clients were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On October 26, 1990, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:   
Lois G. Lerner  
Associate General Counsel

Enclosure

3040934767



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 13, 1990

Mr. Robert A. Gunther  
Vice President  
and Associate Counsel  
UJB Financial  
P.O. Box 2066  
301 Carnegie Center  
Princeton, NJ 08540

RE: MUR 3119  
United Jersey Bank/Northwest

Dear Mr. Gunther:

On September 5, 1990, your client was notified that the Federal Election Commission received a complaint from Jeffrey Michaels, Executive Director of the New Jersey Republican State Committee, alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time, your client was given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On October 26, 1990, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Lawrence M. Noble  
General Counsel

  
BY: Lois G. Lerner  
Associate General Counsel

Enclosure

23040934768

06C 9162

GROSS & NOVAK, P.A.  
ATTORNEYS AT LAW

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH

90 DEC 28 PM 12:36

EDWARD GROSS  
IRA S. NOVAK  
DENISE L. SANDERS  
CHARLES H. NEWMAN

COLONIAL OAKS OFFICE PARK  
BRIER HILL COURT, BUILDING C  
P. O. BOX 188  
EAST BRUNSWICK, N. J. 08816

ALSO ADMITTED IN:  
NEW YORK  
PENNSYLVANIA

(908) 254-4200  
TELECOPIER:  
(908) 254-4256

December 26, 1990

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: In the Matter of  
Chandler for Congress, Inc.  
MUR #3119

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH  
90 DEC 28 PM 3:29

Dear Mr. Noble:

On August 23, 1990, the New Jersey Republican State Committee filed a Complaint against Chandler for Congress, Inc. alleging illegal corporate contributions to the Chandler Committee from a corporation known as Edmar Corporation.

The New Jersey Republican State Committee, by its letter dated October 24, 1990, supplemented its Complaint requesting an investigation of loans made by United Jersey Bank/Northwest to Ms. Chandler and/or the Chandler Committee. In particular, the letter of October 24, 1990 referenced the Chandler for Congress Federal Election Commission report for the period ending September 30, 1990 wherein loans from the United Jersey Bank/Northwest to Chandler for Congress were reported at interest rates below 8%, except for two loans reported at an interest rate of 10%. The October 24, 1990 letter requested an examination of the lending relationship between United Jersey Bank/Northwest and the Chandler Committee and/or Ms. Chandler to determine if the loans were made in the ordinary course of business at competitive rates and in compliance with Federal Election Commission regulations, specifically 11 CFR §100.7(b)(11).

3040934769

GROSS & NOVAK, P.A.

Page #2  
December 26, 1990

The United Jersey Bank/Northwest has recently furnished the undersigned with documentation demonstrating that the loans by United Jersey Bank/Northwest to the Chandler Committee and/or Ms. Chandler all bear interest at the rate of 10% per annum.

As a consequence of the submission of such documentation from United Jersey Bank/Northwest, the New Jersey Republican State Committee withdraws its request contained in its letter of October 24, 1990 to the Federal Election Commission for further investigation of the lending relationship between United Jersey Bank/Northwest and the Chandler Committee and/or Ms. Chandler.

If the Federal Election Commission requires anything further of the New Jersey Republican State Committee in connection with this matter, please do not hesitate to contact the undersigned.

Respectfully yours,



EDWARD GROSS  
Attorney for New Jersey  
Republican State Committee

EG/cb

cc: New Jersey Republican State Committee  
Attn: Jeffrey Michaels, Executive Director  
cc: Stephen J. Edelstein, Esq.  
cc: Richard F. Ober, Jr., Esq.

23040934770



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 4, 1991

Edward Gross, Esquire  
Gross & Novak, P.A.  
Brier Hill Court, Building C  
P. O. Box 188  
East Brunswick, NJ 08816

RE: MUR 3119

Dear Mr. Gross:

This is in reference to your letter dated December 26, 1990, requesting that the complaint you filed challenging the lending relationship between United Jersey Bank/Northwest and the Chandler Committee be withdrawn.

Under 2 U.S.C. § 437g, the Federal Election Commission is empowered to review a complaint properly filed with it and to take action which it deems appropriate under the Federal Election Campaign Act of 1971, as amended ("the Act"). A request for withdrawal of a complaint will not prevent the Commission from taking appropriate action under the Act. Your request will become part of the public record within 30 days after the entire file is closed.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:   
Lois G. Lerner  
Associate General Counsel

91 JAN -2 AM 11:22

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

**SENSITIVE**

**FIRST GENERAL COUNSEL'S REPORT**

MUR 3119; RAD Referral 90L-44  
DATE COMPLAINT RECEIVED  
BY OGC: 8/27/90  
DATE OF NOTIFICATION TO  
RESPONDENTS: 9/5&13/90  
STAFF MEMBER: Frances B. Hagan

COMPLAINANT: Jeffrey Michaels, Executive Director  
New Jersey Republican State Committee

RESPONDENTS: Chandler for Congress Committee, Inc.  
Raymond Babinski, as treasurer  
Edmar Corporation  
United Jersey Bank/Northwest

RELEVANT STATUTES: 2 U.S.C. §§ 441b(a) and 441b(b)(2)  
2 U.S.C. § 431(8); 11 C.F.R. § 100.7(b)(11)

INTERNAL REPORTS CHECKED: RAD Referral 90L-44

FEDERAL AGENCIES CHECKED: None

**I. GENERATION OF MATTER**

Complainant Jeffrey Michaels, Executive Director of the New Jersey Republican State Committee, alleged that the Chandler for Congress Committee ("the Committee") and Raymond Babinski, as treasurer, violated 2 U.S.C. § 441b(a) through receipt of prohibited corporate contributions in the form of loans from the Edmar Corporation. Complainant also questioned whether the corporate loans restructured through United Jersey Bank/Northwest ("UJB") were made in the ordinary course of business.

The Committee was principal campaign committee for Marguerite Chandler, a 1990 House candidate in the 12th Congressional District of New Jersey. The candidate is also principal

93040934712

shareholder of Edmar Corporation.

RAD Referral 90L-44 refers for review the matter of Edmar Corporation's contributions to the Committee in the form of loan guarantees to the candidate. Because this issue is identical to one in the complaint, the Office of the General Counsel will discuss the content of the referral in this report, and recommend that the Commission decline to open a new MUR.

## II. FACTUAL AND LEGAL ANALYSIS

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate contributions in connection with a federal election. This provision also prohibits a national bank from making a contribution in connection with any election to any political office; and it prohibits the knowing receipt of such contributions by a political committee.

2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are bank loans made in accordance with applicable banking laws and in the ordinary course of business. See 2 U.S.C. § 431(8)(B)(vii).

Pursuant to guidelines set forth at 11 C.F.R. § 100.7(b)(11), a loan will be deemed to be made in the ordinary of business if it 1) bears the usual and customary interest rate of the lending institution; 2) is made on a basis which assures repayment; 3) is evidenced by a written instrument; and 4) is subject to a due date or amortization schedule.

23040934773

### The Complaint

Complainant alleged that the Committee accepted loans of more than \$300,000 that were entirely or in part derived from the candidate's borrowings from Edmar Corporation. The allegations were based on information in Committee reports and in newspaper articles. Complainant also suggested that the line of credit obtained by the candidate from UJB to repay the corporate loans may not be in compliance with regulatory standards because the candidate secured the bank loans with her own Edmar stock, and because Edmar is a UJB customer. A supplement to the complaint challenged the Committee on the grounds that interest rates initially reported were below fair market value.

### RAD Referral 90L-44

According to RAD, the Committee received six candidate loans between April 23 and June 4, 1990, totaling \$217,777.08. In response to an inquiry regarding the source of candidate loans, the Committee treasurer stated in a letter and on the 1990 July Quarterly Report that the candidate borrowed the funds from Edmar Corporation. RAD informed the Committee that corporate contributions are prohibited and should be refunded.

The treasurer stated in further response to RAD that the candidate borrowed funds totaling \$214,000 from her own corporate expense account, and did not intend to violate the law. Apparently, \$3,777.08 was loaned to the Committee from the candidate's personal income. The Committee's response further stated that on August 1, 1990, the candidate secured a loan from UJB "to repay and remedy" the following candidate loans from



Edmar, which were previously reported:

| <u>Date of Loan</u> | <u>Amount</u> |
|---------------------|---------------|
| 4/23/90             | \$50,000      |
| 5/05/90             | \$45,000      |
| 5/11/90             | \$19,000      |
| 5/18/90             | \$50,000      |
| 6/04/90             | \$50,000      |
| Total               | \$214,000     |

On its 1990 October Quarterly and in response to the complaint, the Committee reported receipt of two additional Edmar loans totaling \$52,000 received prior to RAD's notice. These loans have been repaid. Total Edmar loans received and repaid:

|                                        |                  |         |
|----------------------------------------|------------------|---------|
| Edmar loans on 1990 July Quarterly:    | \$214,000        |         |
| Edmar loans on 1990 October Quarterly: | \$ 10,000        | 7/09/90 |
|                                        | <u>\$ 42,000</u> | 7/18/90 |
| Total                                  | \$266,000        |         |

#### Responses to the Complaint

##### The Committee

The Committee admitted that it received Edmar corporate funds through candidate loans, but noted that it took prompt action to repay the prohibited loans when notified by RAD.<sup>1</sup> The Committee described the Edmar loans as "an inadvertent error, originating out of a misunderstanding as to the nature of the transactions...."

The Committee stated that candidate loans obtained from UJB

1. RAD's letter explained that prohibited corporate loans should be refunded "within 30 days of the treasurer's receipt," indicating that refunds are to be made within 30 days of receipt of the funds, pursuant to 11 C.F.R. § 103.3(b). Respondents apparently misread the letter, and argued that no action should be taken in part because they refunded within 30 days of receipt of RAD's notice.

to repay the Edmar loans comported with the regulatory requirements for loans made "in the ordinary course of business." Based on its corrective action, the Committee asserted that no compliance action should be taken in the matter.

#### **United Jersey Bank**

UJB responded to the complaint with a notarized affidavit from Doris M. Tarrant, President, Chief Executive Officer, and Chairman of the Board. Ms. Tarrant stated that on August 1, 1990, the bank's executive committee agreed to approve a loan of up to \$1,000,000 to Marguerite Chandler. According to the affidavit, the proceeds were to repay Edmar loans as required by the FEC; to repay the \$150,000 UJB loan dated 12/27/89; and the balance was available "to be re-loaned or contributed by Ms. Chandler to the Chandler for Congress Committee, Inc."

The affidavit and accompanying promissory note provide for a maturity date of January 31, 1991; UJB's "Floating Base Rate" of interest; with the interest to be paid monthly. (See Attachment B,5). According to Ms. Tarrant, the interest is standard for UJB's large, unsecured personal loans. Apparently, the bank considered the loan unsecured, but both the affidavit and note indicated that Ms. Chandler pledged 900 shares of her individually-owned Edmar stock ("non-marketable securities"). Ms. Tarrant attested that based on Ms. Chandler's excellent loan payment history, her financial statements, and the Edmar stock as collateral, "the loan was made on a basis which...assures repayment under the Bank's normal underwriting standards."

23040934716

## Conclusion

Based on the evidence and information provided by the respondents, it appears that during the 1990 primary election campaign, the Committee received corporate monies totaling \$266,000 in the form of candidate loans secured from Edmar Corporation. Therefore, this Office recommends that the Commission find reason to believe that Edmar Corporation and the Committee violated 2 U.S.C. § 441b(a) in this matter.

As to the UJB line of credit to the candidate, evidence indicates that the loan to restructure the original candidate loans to the Committee was made in the ordinary course of business. The loan apparently includes the "usual and customary interest rate of the lending institution;"<sup>2</sup> stock offered as collateral indicates the loan is "made on a basis which assures repayment;" the promissory note is the written instrument; and the note includes a due date. 11 C.F.R. § 100.7(b)(11). Therefore, this Office recommends that the the Commission find no reason to believe that UJB and the Committee violated 2 U.S.C. § 441b(a) with regard to the bank loans in this matter.

---

2. The promissory note indicates the interest rate as UJB's "Floating Base Rate." A monthly bank bill for interest and a treasurer's statement submitted with the Committee's 1990 October Quarterly Report and Amendment show the rate steady at 10%. The Committee treasurer advised that the original October Quarterly "contained an inadvertent error in the calculation of interest on loans from the [bank]." The Amendment reflected the change from varying interest rates of less than 8%, to 10% on certain of the reported loans. The evidence presented by the Committee satisfactorily establishes that the interest rates were set by the bank, but were apparently misreported on the report originally filed. The change in the reported interest rates does not affect this Office's recommendation.

III. RECOMMENDATIONS

1. Find reason to believe that the following violated 2 U.S.C. § 441b(a) with regard to prohibited corporate loans:
  - a) Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer;
  - b) Edmar Corporation.
2. Find no reason to believe that the following violated 2 U.S.C. § 441b(a) with regard to bank loans in this matter:
  - a) Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer;
  - b) United Jersey Bank/Northwest.
3. Approve the appropriate letters and attached Factual and Legal Analyses.
4. Decline to open a MUR concerning RAD Referral 90L-44.

Lawrence M. Noble  
General Counsel

Date

12/31/90

BY:

  
Lois G. Verner  
Associate General Counsel

Attachments

- A. Committee response to complaint
- B. UJB response to complaint
- C. Factual and Legal Analyses (3)

23040934718

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3119  
Chandler for Congress Committee, Inc.; ) and  
Raymond Babinski, as treasurer; ) RAD Referral  
Edmar Corporation; ) 90L-44  
United Jersey Bank/Northwest. )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 8, 1991, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions with respect to MUR 3119 and RAD Referral 90L-44:

1. Find reason to believe that the following violated 2 U.S.C. § 441b(a) with regard to prohibited corporate loans:
  - a) Chandler for Congress Committee, Inc. and Raymond Babinski, as treasurer;
  - b) Edmar Corporation.

(continued)

Federal Election Commission  
Certification for MUR 3119 and  
RAD Referral 90L-44  
January 8, 1991

Page 2

2. Find no reason to believe that the following violated 2 U.S.C. § 441b(a) with regard to bank loans in this matter:
  - a) Chandler for Congress Committee, Inc. and Raymond Babinski, as treasurer;
  - b) United Jersey Bank/Northwest.
3. Approve the appropriate letters and Factual and Legal Analyses as recommended in the General Counsel's report dated December 31, 1990.
4. Decline to open a MUR concerning RAD Referral 90L-44.

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

Attest:

Jan. 10, 1991  
Date

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



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 18, 1991

Marguerite Chandler, Agent  
Edmar Corporation  
Chimney Rock Road  
Bound Brook, NJ 08805

RE: MUR 3119  
Edmar Corporation

Dear Ms. Chandler:

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

Upon further review of the allegations contained in the complaint, the Commission, on January 8, 1991, found that there is reason to believe the Edmar Corporation violated 2 U.S.C. § 441b(a), a provision of the Act, regarding loans made to the Chandler for Congress, Inc. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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Marguerite Chandler, Agent  
Page 2

Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

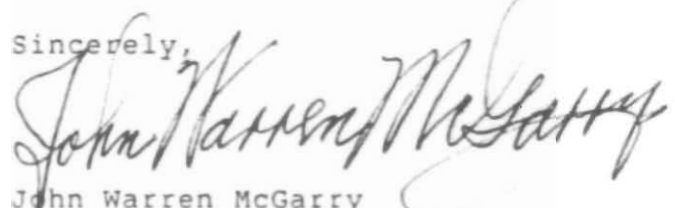
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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

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

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

Sincerely,



John Warren McGarry  
Chairman

Enclosures  
Designation of Counsel Form  
Factual & Legal Analysis



FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Edmar Corporation MUR: 3119

2 U.S.C. § 441b(a) prohibits the making of corporate contributions in connection with a federal election.

2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are bank loans made in accordance with applicable banking laws and in the ordinary course of business. See 2 U.S.C. § 431(8)(B)(vii).

Pursuant to guidelines set forth at 11 C.F.R. § 100.7(b)(11), a loan will be deemed to be made in the ordinary of business if it 1) bears the usual and customary interest rate of the lending institution; 2) is made on a basis which assures repayment; 3) is evidenced by a written instrument; and 4) is subject to a due date or amortization schedule.

Complainant Jeffrey Michaels, Executive Director of the New Jersey Republican State Committee, alleged that the Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer, accepted loans of more than \$300,000 that were entirely or in part derived from candidate Marguerite Chandler's borrowings from Edmar Corporation. The allegations were based on information in Committee reports and in newspaper articles. Complainant also

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suggested that the line of credit obtained by the candidate from United Jersey Bank ("UJB") to repay the corporate loans may not be in compliance with regulatory standards because the candidate secured the bank loans with her own Edmar stock, and because Edmar is a UJB customer.

Although the Edmar Corporation did not respond directly to the complaint, the Committee admitted that it received Edmar corporate funds through candidate loans, but noted that it took prompt action to repay the prohibited loans. Total Edmar loans received and repaid:

| <u>Date of Loan</u> | <u>Amount</u>   |
|---------------------|-----------------|
| 4/23/90             | \$50,000        |
| 5/05/90             | \$45,000        |
| 5/11/90             | \$19,000        |
| 5/18/90             | \$50,000        |
| 6/04/90             | \$50,000        |
| 7/09/90             | \$10,000        |
| 7/18/90             | <u>\$42,000</u> |
| Total:              | \$266,000       |

#### Conclusion

Based on the available evidence and information, it appears that during the 1990 primary election campaign, Edmar Corporation contributed to the Committee corporate monies totaling \$266,000 in the form of candidate loans. Therefore, there is reason to believe that the Edmar Corporation violated 2 U.S.C. § 441b(a) in this matter.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 18, 1991

Stephen J. Edelstein, Esquire  
293 Eisenhower Parkway  
Suite 300  
Livingston, New Jersey 07039

RE: MUR 3119  
Chandler for Congress, Inc.  
Raymond Babinski, as treasurer

Dear Mr. Edelstein:

On September 5 and 13, 1990, the Federal Election Commission notified your clients of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint and information you supplied, the Commission, on January 8, 1991, found that there is reason to believe your clients violated 2 U.S.C. § 441b(a), a provision of the Act, regarding loans received from the Edmar Corporation. At the same time, the Commission found no reason to believe that the Committee violated 2 U.S.C. § 441b(a) regarding loans received from the United Jersey Bank/Northwest. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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Stephen J. Edelstein, Esquire  
Page 2

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

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

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

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

Sincerely,



John Warren McGarry  
Chairman

Enclosures  
Designation of Counsel Form  
Factual & Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Chandler for Congress MUR: 3119  
Committee  
Raymond Babinski, as treasurer

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate contributions in connection with a federal election. This provision also prohibits a national bank from making a contribution in connection with any election to any political office; and it prohibits the knowing receipt of such contributions by a political committee.

2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are bank loans made in accordance with applicable banking laws and in the ordinary course of business. See 2 U.S.C. § 431(8)(B)(vii).

Pursuant to guidelines set forth at 11 C.F.R. § 100.7(b)(11), a loan will be deemed to be made in the ordinary of business if it 1) bears the usual and customary interest rate of the lending institution; 2) is made on a basis which assures repayment; 3) is evidenced by a written instrument; and 4) is subject to a due date or amortization schedule.

**The Complaint**

Complainant Jeffrey Michaels, Executive Director of the New

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Jersey Republican State Committee, alleged that the Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer, accepted loans of more than \$300,000 that were entirely or in part derived from candidate Marguerite Chandler's borrowings from Edmar Corporation. The allegations were based on information in Committee reports and in newspaper articles. Complainant also suggested that the line of credit obtained by the candidate from United Jersey Bank ("UJB") to repay the corporate loans may not be in compliance with regulatory standards because the candidate secured the bank loans with her own Edmar stock, and because Edmar is a UJB customer. A supplement to the complaint challenged the Committee on the grounds that interest rates initially reported were below fair market value.

#### Response to the Complaint

The Committee admitted that it received Edmar corporate funds through candidate loans, but noted that it took prompt action to repay the prohibited loans when notified by the Reports Analysis Division.<sup>1</sup> The Committee described the Edmar loans as "an inadvertent error, originating out of a misunderstanding as to the nature of the transactions...."

The Committee stated that candidate loans obtained from UJB to repay the Edmar loans comported with the regulatory

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1. RAD's letter explained that prohibited corporate loans should be refunded "within 30 days of the treasurer's receipt," indicating that refunds are to be made within 30 days of receipt of the funds, pursuant to 11 C.F.R. § 103.3(b). Respondents apparently misread the letter, and argued that no action should be taken in part because they refunded within 30 days of receipt of RAD's notice.

requirements for loans made "in the ordinary course of business." Based on its corrective action, the Committee asserted that no compliance action should be taken in the matter. Total Edmar loans received and repaid:

| <u>Date of Loan</u>     | <u>Amount</u> |
|-------------------------|---------------|
| 4/23/90                 | \$50,000      |
| 5/05/90                 | \$45,000      |
| 5/11/90                 | \$19,000      |
| 5/18/90                 | \$50,000      |
| 6/04/90                 | \$50,000      |
| 1990 July Quarterly:    | \$214,000     |
| 7/09/90                 | \$ 10,000     |
| 7/18/90                 | \$ 42,000     |
| 1990 October Quarterly: | \$ 52,000     |
| Combined Total:         | \$266,000     |

Based on information obtained from Doris M. Tarrant, President, Chief Executive Officer, and Chairman of the Board of UJB, on August 1, 1990, the bank's executive committee agreed to approve a loan of up to \$1,000,000 to Marguerite Chandler. According to her affidavit, the proceeds were to repay Edmar loans as required by the FEC; to repay the \$150,000 UJB loan dated 12/27/89; and the balance was available "to be re-loaned or contributed by Ms. Chandler to the Chandler for Congress Committee, Inc."

The affidavit and accompanying promissory note provide for a maturity date of January 31, 1991; UJB's "Floating Base Rate" of interest; with the interest to be paid monthly. According to Ms. Tarrant, the interest is standard for UJB's large, unsecured personal loans. Apparently, the bank considered the loan unsecured, but both the affidavit and note indicated that Ms.

Chandler pledged 900 shares of her individually-owned Edmar stock ("non-marketable securities"). Ms. Tarrant attested that based on Ms. Chandler's excellent loan payment history, her financial statements, and the Edmar stock as collateral, "the loan was made on a basis which...assures repayment under the Bank's normal underwriting standards."

#### Conclusion

Based on the available evidence and information, it appears that during the 1990 primary election campaign, the Committee received corporate monies totaling \$266,000 in the form of candidate loans secured from Edmar Corporation. Therefore, there is reason to believe that the Committee and its treasurer violated 2 U.S.C. § 441b(a) in this matter.

As to the UJB line of credit to the candidate, evidence indicates that the loan to restructure the original candidate loans to the Committee was made in the ordinary course of business. The loan apparently includes the "usual and customary interest rate of the lending institution;"<sup>2</sup> stock offered as collateral indicates the loan is "made on a basis which assures repayment;" the promissory note is the written instrument; and

---

2. The promissory note indicates the interest rate as UJB's "Floating Base Rate." A monthly bank bill for interest and a treasurer's statement submitted with the Committee's 1990 October Quarterly Report and Amendment show the rate steady at 10%. The Committee treasurer advised that the original October Quarterly "contained an inadvertent error in the calculation of interest on loans from the [bank]." The Amendment reflected the change from varying interest rates of less than 8%, to 10% on certain of the reported loans. The evidence presented by the Committee satisfactorily establishes that the interest rates were set by the bank, but were apparently misreported on the report originally filed.



the note includes a due date. 11 C.F.R. § 100.7(b)(11).  
Therefore, there is no reason to believe that the Chandler for  
Congress Committee and Raymond Babinski, as treasurer, violated  
2 U.S.C. § 441b(a) with respect to the loans acquired from  
UJB/Northwest in this matter.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 18, 1991

Mr. Robert A. Gunther  
Vice President and Associate Counsel  
UJB Financial Corp  
P.O. Box 2066, 301 Carnegie Center  
Princeton, New Jersey 08543-2066

RE: MUR 3119  
United Jersey Bank/Northwest

Dear Mr. Gunther:

On September 5 and 13, 1990, the Federal Election Commission notified your client of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint and information you supplied, the Commission, on January 8, 1991, found no reason to believe that United Jersey Bank/Northwest violated 2 U.S.C. § 441b(a), a provision of the Act, regarding loans made to the Chandler for Congress Committee, Inc. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event

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Mr. Robert A. Gunther  
Page 2

you wish to waive confidentiality under 2 U.S.C.  
§ 437g(a)(12)(A), written notice of the waiver must be submitted  
to the Commission. Receipt of the waiver will be acknowledged in  
writing by the Commission.

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosure  
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: United Jersey Bank/Northwesst MUR: 3119

2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate contributions in connection with a federal election. This provision also prohibits a national bank from making a contribution in connection with any election to any political office; and it prohibits the knowing receipt of such contributions by a political committee.

2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party. Exempt from this definition are bank loans made in accordance with applicable banking laws and in the ordinary course of business. See 2 U.S.C. § 431(8)(B)(vii).

Pursuant to guidelines set forth at 11 C.F.R. § 100.7(b)(11), a loan will be deemed to be made in the ordinary of business if it 1) bears the usual and customary interest rate of the lending institution; 2) is made on a basis which assures repayment; 3) is evidenced by a written instrument; and 4) is subject to a due date or amortization schedule.

The Complaint

Complainant Jeffrey Michaels, Executive Director of the New Jersey Republican State Committee, alleged that United Jersey

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Bank ("UJB") may have made loans to the Chandler for Congress Committee, Inc. which were not in the ordinary course of business, thus in violation of the Act. Specifically, complainant questioned a line of credit obtained by House of Representatives candidate Marguerite Chandler from UJB to repay loans she made to her Committee from funds she borrowed from Edmar Corporation. Complainant suggested that the UJB loans may not be in compliance with regulatory standards because the candidate secured the bank loans with stock she owned in Edmar Corporation, and because Edmar is a UJB customer. A supplement to the complaint challenged loans to the Committee on the grounds that interest rates initially reported were below fair market value.

#### Response to the Complaint

UJB responded to the complaint with a notarized affidavit from Doris M. Tarrant, President, Chief Executive Officer, and Chairman of the Board. Ms. Tarrant stated that on August 1, 1990, the bank's executive committee agreed to approve a loan of up to \$1,000,000 to Marguerite Chandler. According to the affidavit, the proceeds were to repay Edmar loans as required by the FEC; to repay the \$150,000 UJB loan dated 12/27/89; and the balance was available "to be re-loaned or contributed by Ms. Chandler to the Chandler for Congress Committee, Inc."

The affidavit and accompanying promissory note provide for a maturity date of January 31, 1991; UJB's "Floating Base Rate" of interest; with the interest to be paid monthly. According to Ms. Tarrant, the interest is standard for UJB's large, unsecured

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personal loans. Apparently, the bank considered the loan unsecured, but both the affidavit and note indicated that Ms. Chandler pledged 900 shares of her individually-owned Edmar stock ("non-marketable securities"). Ms. Tarrant attested that based on Ms. Chandler's excellent loan payment history, her financial statements, and the Edmar stock as collateral, "the loan was made on a basis which...assures repayment under the Bank's normal underwriting standards."

#### Conclusion

Based on the evidence and information provided by the respondents, it appears that the UJB line of credit to the candidate to restructure the original candidate loans to the Committee was made in the ordinary course of business. The loan apparently includes the "usual and customary interest rate of the lending institution;" stock offered as collateral indicates the loan is "made on a basis which assures repayment;" the promissory note is the written instrument; and the note includes a due date. Therefore, there is no reason to believe that UJB violated 2 U.S.C. § 441b(a) in this matter.

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MAIL ROOM

LAW OFFICES  
MANATT, PHELPS & PHILLIPS  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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TELEPHONE (202) 463-4300  
FAX (202) 463-4394  
(202) 463-4395

1200 NEW HAMPSHIRE AVENUE, N.W.  
SUITE 200  
WASHINGTON, D.C. 20036

LOS ANGELES  
11355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064  
(213) 312-4000

January 30, 1991

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: MUR 3119

Dear Mr. Noble:

On behalf of respondents Edmar Corporation, Marguerite Chandler, Agent, and Chandler for Congress, Ray Babinski, Treasurer, I request a 20 day extension of time until March 4, 1991, to respond to the Commission's notification of a reason to believe finding in the above-referenced matter.

Since I have only recently been retained by the respondents in this matter, in order to file a full response, I will need the additional time to review the facts and prior proceedings. Moreover, several individuals who have material information are unavailable for the next two weeks due to previously scheduled travel.

If you have any questions, please contact me at 202-463-4320.

Sincerely,

*Lyn Utrecht*  
Lyn Utrecht  
Manatt, Phelps & Phillips

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FEDERAL ELECTION COMMISSION  
JAN 31 1991

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 3119

NAME OF COUNSEL: Carolyn Utrecht, Esq.

ADDRESS: Manatt, Phelps & Phillips

1200 New Hampshire Ave., NW

Suite 200

Washington, D.C. 20036

TELEPHONE: (202) 463-4320

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

January 30, 1991  
Date

Marguerite Chandler  
Signature

RESPONDENT'S NAME: Marguerite Chandler, Agent  
Edmar Corporation

Chandler for Congress  
Ray Babinski, Treasurer

ADDRESS: Easy Street off Chimney

P.O. Box 898

Bound Brook, NJ 08805

Somerville, NJ 08876

HOME PHONE: (201) 725-7659

BUSINESS PHONE: (201) 560-9222

(908) 707-8648





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 7, 1991

Carolyn Utrecht, Esquire  
Manatt, Phelps & Phillips  
1200 New Hampshire Ave., N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Edmar Corporation  
Chandler for Congress  
Ray Babinski, as treasurer

Dear Ms. Utrecht:

This is in response to your letter dated January 30, 1991, which we received on February 5, 1991, requesting an extension until March 4, 1991, to respond to the Commission's reason to believe findings. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on March 4, 1991.

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

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in dark ink, appearing to read "L. G. Lerner", is written over a horizontal line.

BY: Lois G. Lerner  
Associate General Counsel

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66-0259

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Chandler for Congress, ) MUR 3119  
Raymond Babinski, Treasurer; )  
Edmar Corporation, )  
Marguerite Chandler, Agent )

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FEDERAL ELECTION COMMISSION  
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RESPONSE OF CHANDLER FOR CONGRESS AND EDMAR CORPORATION

This memorandum is filed on behalf of Chandler for Congress, Ray Babinski, Treasurer, and Edmar Corporation, Marguerite Chandler, Agent, in response to the notification that the Commission found reason to believe that funds borrowed by the candidate, Marguerite Chandler, from her corporation, Edmar, and loaned to the Chandler For Congress committee constituted prohibited corporate contributions.

For the reasons set forth below, we respectfully request that the Commission take no further action and close the file in this matter.

BACKGROUND

Marguerite Chandler was a candidate for Congress from New Jersey in 1990. Between April 23, 1990 and July 18, 1990, Ms. Chandler borrowed funds totalling \$266,000 from Edmar Corporation, an S Corporation of which she is the principal stockholder, and loaned them to her principal campaign committee, Chandler for Congress Committee. These loans were fully reported to the Federal Election Commission.

Upon notification by the FEC that these loans appeared to be prohibited corporate contributions, on August 1, 1990, Ms. Chandler promptly obtained a personal line of credit from United Jersey Bank ("UJB") pledging 900 shares of her stock in Edmar, and repaid

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the funds borrowed from Edmar. Subsequently, in September 1990, the New Jersey Republican State Committee filed this complaint alleging that the Edmar loans violated 2 U.S.C. § 441b and also alleging that the line of credit obtained from UJB might not be proper.

On January 8, 1991, the Commission found reason to believe that the Edmar loans violated 2 U.S.C. § 441b. The Commission found no reason to believe that the loan from UJB violated § 441b.

#### LEGAL ANALYSIS

##### I. The Loans From Edmar Corporation Were Made With The Candidate's Personal Assets

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The Commission's finding of reason to believe in this case is based solely on the fact that Edmar is a corporation. The Commission historically has interpreted 2 U.S.C. § 441b as applying to all corporations and, therefore, has not inquired into the nature of the corporation when a loan is made from a corporation to a candidate or his or her committee. Recently, however, the Courts have been less willing to accept the Commission's position that Section 441b applies equally to all corporations regardless of differences in their corporate structure and purposes. See, e.g., FEC v. Massachusetts Citizens for Life, 479 U.S. 238 (1986).<sup>1/</sup>

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<sup>1/</sup> The Commission itself has made a distinction for one type of corporation by regulation, i.e., an incorporated political committee. 11 C.F.R. § 114.12(a). Although the Act does not make any exception for incorporated political committees, the Commission by regulation has elected not to treat incorporated political committees as corporations subject to the Section 441b prohibition.

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While Edmar is a different type of corporation than MCFL, we submit that the nature of Edmar Corporation and its relationship to the candidate, Marguerite Chandler, as its majority shareholder, compel an additional legal analysis beyond the mere assertion that because Edmar is a corporation a violation of the law occurred. As set forth more fully below, due to the corporate and tax structure of Edmar Corporation, the funds loaned to Chandler for Congress were "personal funds" of the candidate within the definition set forth at 11 C.F.R. § 110.10, and, therefore, no violation occurred as a result of the Edmar loans to Chandler for Congress.

Under Section 110.10, a candidate may make unlimited expenditures from personal funds. Personal funds are defined as those "...which, under applicable state law, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) Legal and rightful title, or (ii) An equitable interest." Id. The conclusion that the funds loaned from Edmar were Ms. Chandler's personal funds flows from the characterization of Edmar as an "S Corporation" under federal tax law.

Marguerite Chandler personally owns approximately 85% of the stock of Edmar Corporation. The ownership of the remaining 15% interest is divided among her husband and her sons. Marguerite Chandler's sons hold their interests pursuant to revocable grantor trusts.<sup>2/</sup> Although incorporated under New Jersey law for purposes

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<sup>2/</sup> In order to respond fully to the Commission's finding in this matter, we will be providing some confidential financial information concerning Ms. Chandler's personal assets and

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of limited liability, Edmar has elected to be treated as an S Corporation under the Internal Revenue Code. The primary significance of this election is that as a shareholder in an S Corporation, Ms. Chandler has, by electing S Corporation status, accepted the burden of being taxed on the income earned by Edmar as if such income were hers in all other respects, whether or not such income was distributed to her or left in the corporation. When no corporate distribution is made, S Corporation shareholders must use their other personal funds to pay the tax liability attributable to the income earned in the S Corporation. Thus, as 85% owner of Edmar, an S Corporation, Ms. Chandler must pay income tax on her share of the income of Edmar Corporation even if she did not receive those funds as a dividend or other corporate distribution. Under tax and corporate law, if she elected to leave personal funds in the corporation after paying tax on that income, it was her choice to do so.

Had Ms. Chandler wished, or had she understood the technical significance of the Commission's interpretation of Section 441b, she could simply have directed that Edmar distribute \$266,000 to her rather than borrow it from Edmar. To the extent that the \$266,000 of corporate income had already been taxed to Marguerite Chandler as an S Corporation shareholder as outlined above, such distribution to Marguerite Chandler could have been tax-free to her.

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business interests. When this matter is finally closed by the Commission, we request that references to this information be deleted from all documents before they are placed on the public record.

Thus, in these circumstances, and under the Commission's regulations, the funds borrowed by Ms. Chandler from Edmar were her personal funds. She had access to and control over the funds and legal and rightful title to 85% of the stock of Edmar, as well as a beneficial interest in the corporation's funds in the same manner that a partner has with respect to partnership funds.<sup>3/</sup> If Ms. Chandler had simply elected to receive a corporate distribution from Edmar instead of a loan, under the Act and FEC regulations, her loan of those personal funds to her committee would not have been questioned.

That Ms. Chandler believed these funds to be her personal funds is also apparent from the fact that these transactions were promptly and fully reported to the FEC. There was no attempt at subterfuge. As a result of the fact that Edmar is an S Corporation and that Ms. Chandler is taxed on her share of Edmar's income, Ms. Chandler honestly believes that the Edmar funds are her personal assets. Her corporate and tax advisors have given her this advice, and in the past she has treated Edmar funds as her personal assets for purposes unrelated to federal elections.

The Commission would not dispute that the candidate could receive a corporate distribution to which she was entitled, liquidate her interest in the corporation, or borrow from a bank

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<sup>3/</sup> The Commission has long recognized that partners may access their share of partnership funds for the purpose of making personal contributions under the Act. See FEC Advisory Opinion 1980 - 72, 1 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5528. While a partner's funds used for individual political purposes must be maintained in a separate account, there is no limit on a partner's ability to access his or her share of partnership funds.

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against her interest in the corporation, and use those funds in her campaign. She could also have loaned her shares of stock to Chandler for Congress as an in-kind loan and the Committee could have borrowed against that stock. No purpose under the Federal Election Campaign Act is served under these circumstances by pursuing this matter as a violation when the candidate simply chose to borrow her own assets instead of accomplishing the same end through one of these other means.

## II. The Constitutional Justifications For The Section 441b Prohibition Do Not Apply to S Corporations

Essentially, an S Corporation lacks the inherent dangers cited by the Congress and the Supreme Court as justifying the restrictions set forth in Section 441b. The primary Congressional motivation for singling out corporations for different treatment than that accorded to partnerships or other forms of business operation under the Act was the corporate potential for amassing large aggregations of wealth due to the favorable tax treatment accorded corporations.<sup>4/</sup> The Supreme Court has described the rationale underlying Section 441b "as the need to restrict 'the influence of political war chests funneled through the corporate form,' NCPAC, 470 U.S., at 501 (1985); to 'eliminate the effect of aggregated wealth on federal elections,' Pipefitters, 407 U.S., at 416; to curb the political influence of 'those who exercise

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<sup>4/</sup> A secondary reason underlying the Section 441b prohibition was protection of the interests of minority shareholders. National Right to Work Committee v. FEC, 459 U.S. 197, 208 (1982); Pipefitters v. U.S., 407 U.S. 385, 414-15 (1972). This rationale is obviously irrelevant when the vast majority of the corporation's shares are owned by the candidate personally.

control over large aggregations of capital,' Automobile Workers, 352 U.S., at 585; and to regulate the 'substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization,' National Right to Work Committee, 459 U.S., at 207." FEC v. MCFL, 479 U.S., at 257. This justification is simply inapplicable to S Corporations which are treated like partnerships under the tax rules.

As described above, an S Corporation does not pose the danger of aggregated wealth amassed through the corporate form, since its shareholders must pay individual income tax on its income. Thus, there is substantial doubt that Section 441b, if applied to prohibit a candidate from using her own funds in an S Corporation in connection with her own campaign, would be constitutional.

In sum, the Commission should determine either that these funds were the personal assets of the candidate, or, alternatively, that Section 441b is inapplicable to S Corporations.

#### CONCLUSION

For the reasons set forth above, the Commission should find that no violation of 2 U.S.C. § 441b occurred as a result of the loans from Edmar to Chandler for Congress and should take no further action in this matter.

Respectfully submitted,

*Lyn Utrecht*  
Lyn Utrecht  
Manatt, Phelps & Phillips

March 4, 1991



MUR 3368

RAD REFERRAL - JANUARY 22, 1991

30409348P7

REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 22 January 1991

ANALYST: Karen White

I. COMMITTEE: Chandler for Congress Inc.  
(C00240432)  
Raymond Babinski, Treasurer  
P.O. Box 898  
Somerville, NJ 08876

II. RELEVANT STATUTE: 2 U.S.C. §434(a)(6)  
11 CFR §104.5(f)

III. BACKGROUND:

Failure to File Forty-Eight Hour Notifications

The Chandler for Congress Inc. committee ("the Committee") has failed to file the required Forty-Eight (48) Hour Notification ("48-Hour Notice") for one (1) contribution/loan totaling \$50,000 received prior to the 1990 Primary Election.

The candidate was involved in the 1990 Primary Election held on June 5, 1990. Prior Notice was sent to the Committee on April 30, 1990 (Attachment 2). The Notice includes a section titled "Last-Minute Contributions". This section reads "Committees must also file special notices on contributions of \$1,000 or more, received during the period May 17 through June 2 1990. The notice must reach the appropriate federal and state offices within 48 hours of the committee's receipt."

Schedules A and C of the Committee's 1990 July Quarterly Report indicate that the Committee failed to file one (1) 48-Hour Notice for a contribution/loan received during the aforementioned reporting period (Attachment 3).<sup>1/</sup> The

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<sup>1/</sup> Schedule C of the 1990 July Quarterly Report discloses the date of the contribution/loan as May 18, 1990; however, the Schedule A of the 1990 July Quarterly Report discloses the date of the contribution/loan as May 21, 1990. In the Committee's response to the Commission's RFAI dated December 5, 1990, the Committee noted that the contribution/loan had been deposited on May 21, 1990.

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following is the name of the contributor for which no 48-Hour Notice was filed:

| <u>Contributor Name</u>                           | <u>Date</u> | <u>Amount</u> |
|---------------------------------------------------|-------------|---------------|
| Marguerite Chandler<br>(guarantor of a bank loan) | 05/18/90    | \$50,000      |

On October 30, 1990, a Request for Additional Information ("RFAI") was sent to the Committee (Attachment 4). The RFAI noted on an informational basis that the Committee may have failed to file one or more of the required 48-Hour Notices for "last minute" contributions of \$1,000 or more. The notice requested the Committee to review their procedures for checking contributions received during the aforementioned time period. In addition, the notice stated that although the Commission may take legal steps, any response would be taken into consideration.

On December 7, 1990, the Committee responded by letter (Attachment 5). The Committee stated "[c]larification as to "last minute" contributions and loans was addressed during the pre-general election period and since this particular item was included in other correspondence with the Commission, we understood [that] the Commission [was] aware of it at that time."

IV. OTHER PENDING MATTERS INITIATED BY RAD:

None.

:

23040934309

FEDERAL ELECTION COMMISSION  
1989-1990  
CANDIDATE INDEX OF SUPPORTING DOCUMENTS - (E)

DATE: 03/07/91

PAGE: 1

| CANDIDATE/COMMITTEE/DOCUMENT                               | OFFICE SOUGHT/ | PARTY                     | RECEIPTS |           | DISBURSEMENTS |           | COVERAGE DATES   | # OF PAGES                  | MICROFILM LOCATION |
|------------------------------------------------------------|----------------|---------------------------|----------|-----------|---------------|-----------|------------------|-----------------------------|--------------------|
|                                                            |                |                           | PRIMARY  | GENERAL   | PRIMARY       | GENERAL   |                  |                             |                    |
| CHANDLER, MARGUERITE                                       |                | HOUSE 12 DEMOCRATIC PARTY |          |           |               |           | NEW JERSEY       | 1990 ELECTION: 108 MAR 1990 |                    |
| 1. STATEMENT OF CANDIDATE                                  |                |                           |          |           |               |           |                  |                             |                    |
| 1989 STATEMENT OF CANDIDATE                                |                |                           |          |           |               |           | 26DEC89          | 1                           | 89-EE 1781 DATE    |
| 2. PRINCIPAL CAMPAIGN COMMITTEE                            |                |                           |          |           |               |           |                  |                             |                    |
| CHANDLER FOR CONGRESS INC                                  |                |                           |          |           |               |           |                  |                             |                    |
| 1989 YEAR-END                                              |                |                           | 150,000  |           | -             |           | 27DEC89 -31DEC89 | 1                           | 89-EE 1781 DATE    |
| YEAR-END - AMENDMENT                                       |                |                           | -        |           | -             |           | 27DEC89 -31DEC89 | 1                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION                         |                |                           |          |           |               |           | 27DEC89 -31DEC89 | 1                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION 2ND                     |                |                           |          |           |               |           | 27DEC89 -31DEC89 | 2                           | 89-EE 1781 DATE    |
| 1990 STATEMENT OF ORGANIZATION                             |                |                           |          |           |               |           | 3JAN90           | 1                           | 89-EE 1781 DATE    |
| STATEMENT OF ORGANIZATION - AMENDMENT                      |                |                           |          |           |               |           | 19JAN90          | 1                           | 89-EE 1781 DATE    |
| 48 HOUR CONTRIBUTION NOTICE                                |                |                           |          |           |               |           | 22MAY90          | 1                           | 89-EE 1781 DATE    |
| 48 HOUR CONTRIBUTION NOTICE                                |                |                           |          |           |               |           | 1NOV90           | 3                           | 89-EE 1781 DATE    |
| 48 HOUR CONTRIBUTION NOTICE                                |                |                           |          |           |               |           | 1NOV90           | 1                           | 89-EE 1781 DATE    |
| 48 HOUR CONTRIBUTION NOTICE                                |                |                           |          |           |               |           | 1NOV90           | 2                           | 89-EE 1781 DATE    |
| 48 HOUR CONTRIBUTION NOTICE                                |                |                           |          |           |               |           | 2NOV90           | 1                           | 89-EE 1781 DATE    |
| APRIL QUARTERLY                                            |                |                           | 71,505   |           | 158,787       |           | 1JAN90 -31MAR90  | 37                          | 89-EE 1781 DATE    |
| APRIL QUARTERLY - AMENDMENT                                |                |                           | 77,505   |           | 158,787       |           | 1JAN90 -31MAR90  | 1                           | 89-EE 1781 DATE    |
| APRIL QUARTERLY                                            |                |                           |          | 6,000     |               |           | 1JAN90 -31MAR90  | 1                           | 89-EE 1781 DATE    |
| 1ST LETTER INFORMATIONAL NOTICE                            |                |                           |          |           |               |           | 1JAN90 -31MAR90  | 5                           | 89-EE 1781 DATE    |
| PRE-PRIMARY                                                |                |                           | 145,936  |           | 184,930       |           | 1APR90 -16MAY90  | 27                          | 89-EE 1781 DATE    |
| PRE-PRIMARY - AMENDMENT                                    |                |                           | 145,936  |           | 184,930       |           | 1APR90 -16MAY90  | 1                           | 89-EE 1781 DATE    |
| PRE-PRIMARY - AMENDMENT                                    |                |                           | -        |           | -             |           | 1APR90 -16MAY90  | 1                           | 89-EE 1781 DATE    |
| PRE-PRIMARY                                                |                |                           |          |           |               |           | 1APR90 -16MAY90  | 2                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION                         |                |                           |          |           |               |           | 1APR90 -16MAY90  | 1                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION 2ND                     |                |                           |          |           |               |           | 1APR90 -16MAY90  | 2                           | 89-EE 1781 DATE    |
| 1ST LETTER INFORMATIONAL NOTICE                            |                |                           |          |           |               |           | 1APR90 -16MAY90  | 3                           | 89-EE 1781 DATE    |
| JULY QUARTERLY                                             |                |                           |          | 142,472   | 134,153       |           | 17MAY90 -30JUN90 | 61                          | 89-EE 1781 DATE    |
| JULY QUARTERLY - AMENDMENT                                 |                |                           |          | -         |               |           | 17MAY90 -30JUN90 | 1                           | 89-EE 1781 DATE    |
| JULY QUARTERLY - AMENDMENT                                 |                |                           |          | -         |               |           | 17MAY90 -30JUN90 | 5                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION                         |                |                           |          |           |               |           | 17MAY90 -30JUN90 | 2                           | 89-EE 1781 DATE    |
| REQUEST FOR ADDITIONAL INFORMATION 2ND                     |                |                           |          |           |               |           | 17MAY90 -30JUN90 | 3                           | 89-EE 1781 DATE    |
| OCTOBER QUARTERLY                                          |                |                           |          | 834,046   | 846,166       |           | 1JUL90 -30SEP90  | 75                          | 89-EE 1781 DATE    |
| OCTOBER QUARTERLY - AMENDMENT                              |                |                           |          | -         |               |           | 1JUL90 -30SEP90  | 1                           | 89-EE 1781 DATE    |
| PRE-GENERAL                                                |                |                           |          | 153,399   | 142,621       |           | 1OCT90 -17OCT90  | 32                          | 89-EE 1781 DATE    |
| POST-GENERAL                                               |                |                           |          | 170,085   | 198,790       |           | 18OCT90 -26NOV90 | 37                          | 89-EE 1781 DATE    |
| TOTAL                                                      |                |                           | 373,441  | 1,308,002 | 343,717       | 1,321,730 |                  | 307                         | TOTAL PAGES        |
| 3. AUTHORIZED COMMITTEES                                   |                |                           |          |           |               |           |                  |                             |                    |
| 4. JOINT FUNDRAISING COMMITTEES AUTHORIZED BY THE CAMPAIGN |                |                           |          |           |               |           |                  |                             |                    |

All reports asterisked have been reviewed.

Debts owed to the Committee as of 11/26/90--\$0

Debts owed by the Committee as of 11/26/90--\$1,018,650.61

23040934810

# REPORT NOTICE

Attachment 2  
Page 1 of 2

## FEDERAL ELECTION COMMISSION

NEW JERSEY

April 30, 1990

| REPORT         | REPORTING PERIOD1/  | REG./CERT.<br>MAILING<br>DATE2/ | FILING<br>DATE |
|----------------|---------------------|---------------------------------|----------------|
| PRE-PRIMARY    | 04/01/90 - 05/16/90 | 05/21/90                        | 05/24/90       |
| JULY QUARTERLY | 05/17/90 - 06/30/90 | 07/15/90                        | 07/15/90       |

### WHO MUST FILE

PRINCIPAL CAMPAIGN COMMITTEES OF CONGRESSIONAL "CANDIDATES" who seek nomination in the regularly scheduled and special primaries on June 5, 1990, in New Jersey.

### WHAT MUST BE REPORTED

All financial activity that occurred during the reporting period (or before, if not previously reported).

### REPORTING FORMS

Candidate committees use Form 3 (enclosed). If the campaign has more than one authorized committee, the principal campaign committee must also file a consolidated report on Form 31.

### WHERE TO FILE

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

### LABEL

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

### LAST-MINUTE CONTRIBUTIONS

Committees must also file special notices on contributions of \$1,000 or more, received during the period May 17 through June 2, 1990. The notice must reach the appropriate federal and state offices within 48 hours of the committee's receipt.

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

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

FOR INFORMATION. Call: 800/424-9530 or 202/376-3100

**NEW JERSEY**

**COMPLIANCE**

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

NOTE: Committees that are authorized to report activity for both the regular primary and the special primary should indicate this on the summary page of Form 3 and supporting schedules, as appropriate. If the candidate has authorized a separate principal campaign committee for the special election, this committee must file a separate report to disclose the financial activity. See WHAT MUST BE REPORTED, above.

9394093-4512

**SCHEDULE A**

**ITEMIZED RECEIPTS**

1990 July Quarterly Report

Use separate schedule for each category of the Detailed Summary Page

PAGE 1 OF 1  
FORM 11-1 (12-8)

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

NAME OF COMMITTEE IN FULL

Chandler for Congress, Inc.

Attachment 3  
Page 1 of 2

|                                                                                                                                                                                                                                                                             |                                           |                                                                                        |                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------|
| <p><b>A. Full Name, Mailing Address and ZIP Code</b><br/>Marguerite Chandler<br/>6 Lisa Terrace<br/>Somerville, NJ 08876</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p> | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)<br/>5/21/90</p> <p>Aggregate Year-to-Date \$ 167,777.08</p> | <p>Amount of Each Receipt this Period<br/>50,000.00</p> |
| <p><b>B. Full Name, Mailing Address and ZIP Code</b><br/>Same as above</p> <p>Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                   | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)<br/>6/4/90</p> <p>Aggregate Year-to-Date \$ 217,777.08</p>  | <p>Amount of Each Receipt this Period<br/>50,000.00</p> |
| <p><b>C. Full Name, Mailing Address and ZIP Code</b></p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                                                | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)</p> <p>Aggregate Year-to-Date \$</p>                        | <p>Amount of Each Receipt this Period</p>               |
| <p><b>D. Full Name, Mailing Address and ZIP Code</b></p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                                                | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)</p> <p>Aggregate Year-to-Date \$</p>                        | <p>Amount of Each Receipt this Period</p>               |
| <p><b>E. Full Name, Mailing Address and ZIP Code</b></p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                                                | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)</p> <p>Aggregate Year-to-Date \$</p>                        | <p>Amount of Each Receipt this Period</p>               |
| <p><b>F. Full Name, Mailing Address and ZIP Code</b></p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                                                | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)</p> <p>Aggregate Year-to-Date \$</p>                        | <p>Amount of Each Receipt this Period</p>               |
| <p><b>G. Full Name, Mailing Address and ZIP Code</b></p> <p>Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General<br/><input type="checkbox"/> Other (specify):</p>                                                                                | <p>Name of Employer</p> <p>Occupation</p> | <p>Date (month, day, year)</p> <p>Aggregate Year-to-Date \$</p>                        | <p>Amount of Each Receipt this Period</p>               |

**SUBTOTAL of Receipts This Page (optional)** ..... 100,000.00

**TOTAL This Period (fill page this line number only)** ..... 100,000.00

00014037383



# 1990 July Quarterly Report

SCHEMATIC  
Revised 3/88

LOAN

Page 6 of 9  
Line 0.0000 00

Attachment 3  
Page 2 of 2

Name of Committee (in Full): Chandler for Congress, Inc.

| A. Full Name, Mailing Address and ZIP Code of Loan Source      | Original Amount of Loan | Cumulative Payment to Date | Balance Outstanding at Close of Period |
|----------------------------------------------------------------|-------------------------|----------------------------|----------------------------------------|
| Marguerite Chandler<br>6 Line Terrace<br>Somerville, NJ 08876- | 0 30,000.00 0           | 0.00 0                     | 30,000.00                              |

ELECTION: ☐ PRIMARY ☐ GENERAL ☐ OTHER (SPECIFY):

Insured 05/16/90 Due / / Interest Rate 0.0000/apr ☐ Secured

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

1. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

2. Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

Full Name, Address and ZIP Code Name of Employer

Occupation

Amount Guaranteed Outstanding \$ 0.00

SUBTOTALS This Period This Page (optional).....\$ 30,000.00

TOTALS This Period (last page in this line only).....\$

23340934814





FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20515

RG-2

OCT 30 1990

Raymond Babinski, Treasurer  
Chandler for Congress Inc.  
P.O. Box 898  
Somerville, NJ 08876

Identification Number: C00240432

Reference: July Quarterly Report (5/17/90-6/30/90)

Dear Mr. Babinski:

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:

-A review of your itemized receipts indicates a possible discrepancy in your aggregate year-to-date totals. The reported aggregate totals on your report should include contributions from an individual or committee for the current calendar year (January 1, 1990 - Present). Please review your procedures for compliance with this requirement and amend any report(s) as necessary.

AC  
-Schedule A of your report indicates that your committee may have failed to file one or more of the required 48 hour notices regarding "last minute" contributions received by your committee after the close of books for the 12 Day Pre-Primary report. A principal campaign committee must notify the Commission, in writing, within 48 hours of any contribution of \$1,000 or more received between two and twenty days before an election. These contributions are then reported on the next report required to be filed by the committee. To ensure that the Commission is notified of last minute contributions of \$1,000 or more to your campaign, it is recommended that you review your procedures for checking contributions received during the aforementioned time period. Although the Commission may take legal action, any response you wish to make concerning this matter will be taken into consideration. (11 CFR §104.5(f))

A written response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Clerk of the House of Representatives, 1036 Longworth House Office Building, Washington, DC 20515 within fifteen (15) days of the

00367030895

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,

*Karen White*

Karen W. White  
Reports Analyst  
Reports Analysis Division

230340234816  
220367 J030

REGULAR MAIL

DEC - 7 1990

Attachment 5  
Page 1 of 3

# Marguerite Chandler

FEDERAL ELECTION COMMISSION

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

December 5, 1990

133124

Attention: Karen W. White  
Reports Analysis Division

re: Chandler for Congress, Inc.  
FEC ID# C00240432  
July Quarterly Report (5/17-6/30/90)

Dear Ms. White:

I acknowledge your letter of October 30, 1990 and the follow-up letter dated November 23, 1990. Please be advised that the delay in response was not due to a willful disregard of those letters, but rather an unfortunate misdirecting of same, whereby I did not receive them until November 29, 1990. I apologize for the confusion this may have caused.

Regarding the subject matter of your inquiry please be advised of the following:

Schedule A, itemized receipts relating to line 11(c) erroneously omitted year-to-date totals for four contributors in the original filing. These totals were the same as those reported for the period. A corrected schedule is attached.

Regarding "last minute" contributions, our records reflect two items. One item was the contribution of Melvyn Toomey listed as May 20, 1990 in the amount of \$1,000. The date is an apparent typographical error, because it was Mr. Toomey's contribution of May 12, 1990 written on a personal account entitled "Landmark of Somerville" which was reported to the Commission on May 19, 1990

PO Box 898 • Somerville, New Jersey 08876 • (201) 302-0990 • Fax (201) 302-0681

# Marguerite Chandler

Attachment 5  
3 of 3

**HAND DELIVERED**

August 1, 1990

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

Attention: Karen W. White  
Reports Analysis Division

Re: Chandler for Congress, Inc.  
FEC ID# C00240432

Dear Ms. White:

On July 26, 1990 we received the Commission's letter which has the clarification of transactions between the candidate and campaign committee and the source of funds loaned to the campaign. Pursuant to our telephone conversation, the following action was taken.

On this date, August 1, 1990, the candidate has secured a loan through United Jersey Bank/Northwest of Randolph, New Jersey which in turn, was loaned to the campaign committee in order to repay and remedy the following loans which were reported on Schedule C of Form FEC 3:

| date of loan   | amount   |
|----------------|----------|
| April 23, 1990 | \$50,000 |
| May 3, 1990    | \$45,000 |
| May 11, 1990   | \$19,000 |
| May 18, 1990   | \$50,000 |
| June 4, 1990   | \$50,000 |

Please be advised that the candidate's loan of May 3, 1990 in the amount of \$3,777.08 was derived from income of the candidate.

We respectfully request that the Commission consider the committee's prompt reaction to correct a situation which originated out of a misunderstanding as to the nature of the transactions in question.

Very truly yours,

*Raymond Babinski*  
Raymond Babinski  
Treasurer

PO Box 898 • Somerville, New Jersey 08876 • (201) 302-0990 • Fax (201) 302-0681

Clerk of the House of Representatives - page 2

The other relates to a loan in the amount of \$50,000 deposited on May 21, 1990 (the same loan listed on Schedule C, page 6 of 7, dated May 18, 1990). This item was included in other correspondence regarding corrections to loan transactions. Clarification as to "last minute" contributions and loans was addressed during the pre-general election period and since this particular item was included in other correspondence with the Commission, we understood the Commission to be aware of it at that time. Consequently it was not re-addressed.

If there is additional information required, please contact me. *EW*

Very truly yours,

*Raymond Babinski*  
Raymond Babinski  
Treasurer

encl.

P.S. The "other correspondence" referred to above was dated August 1, 1990.

97714217153



RECEIVED  
F.E.C.  
SECRETARIAT

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

91 AUG -6 PM 5:12

FIRST GENERAL COUNSEL'S REPORT

**SENSITIVE**

RAD Referral 91L-5  
MUR 3119  
STAFF MEMBER: Frances B. Hagan

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

RESPONDENTS: Chandler for Congress Committee  
Raymond Babinski, Treasurer

RELEVANT STATUTE: 2 U.S.C. § 434(a)(6)

INTERNAL REPORTS CHECKED: Disclosure Reports, Referral Materials

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER AND BACKGROUND

The Office of the General Counsel received a referral from the Reports Analysis Division regarding the failure of the Chandler for Congress Committee, Inc. ("the Committee") to file a 48-hour report for one loan/contribution of \$50,000. The Chandler for Congress Committee was the principal campaign committee of Marguerite Chandler, a candidate for the U.S. House of Representatives in the 1990 primary election in the 12th Congressional District of New Jersey. The primary election was held on June 5, 1990.

II. FACTUAL AND LEGAL ANALYSIS

See Factual and Legal Analysis at Attachment B.

III. MUR 3119

On January 8, 1991, the Commission found reason to believe that the Committee and its treasurer violated 2 U.S.C. § 441b(a) by receiving corporate monies totaling \$266,000 in the form of

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candidate loans secured from the Edmar Corporation. A reason to believe finding was also made regarding the Edmar Corporation's violation of 2 U.S.C. § 441b(a). The Committee has requested that the Commission take no further action on this issue. As discussed below, this Office recommends that the Commission decline this request.

In response to the reason to believe finding, the Committee argued that because of "the corporate and tax structure of Edmar Corporation, the funds loaned to Chandler for Congress were 'personal funds' of the candidate within the definition set forth at 11 C.F.R. § 110.10..." The candidate, Marguerite Chandler, is principal stockholder of Edmar Corporation, owning 85% of the stock.

Section 110.10(a) of the Regulations allows candidates to make unlimited expenditures of personal funds. Personal funds are defined as "any assets which, under applicable state law...the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) Legal and rightful title, or (ii) An equitable interest." Listed among the examples of personal funds are "dividends and proceeds from the sale of the candidate's stocks or other investments...." 11 C.F.R. § 110.10(b)(1) and (2).

The Committee stated that Edmar is incorporated in New Jersey "for purposes of limited liability." However, for tax purposes, Edmar is treated as an "S" corporation under the Internal Revenue Code. The Technical Amendments Act of 1958 added Subchapter S to the Internal Revenue Code. The purpose of Subchapter S is to

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permit small businesses to avoid double taxation, i.e., of the corporation and then again of shareholders. Pursuant to this provision, a small business corporation may elect to have its income passed through and taxed to its shareholders as ordinary income rather than pay corporate income tax. Net operating losses may also be passed through. A shareholder's gross income is deemed to include his or her pro rata share of the gross income of the corporation, while the aggregate amount of losses and deductions which the shareholder may take into account may not exceed the adjusted basis of the shares held by the individual and the adjusted basis of any indebtedness to that individual. 26 U.S.C. § 1366(c) and (d). See Byrne v. C.I.R., 361 F.2d 939 (7th Cir, 1966).

The Committee argued that because Edmar has elected to be taxed as a Subchapter S corporation, Ms. Chandler's Edmar holdings are more appropriately characterized as personal rather than corporate funds. The Committee also argued that the constitutional justifications for the Section 441b prohibition do not apply to S corporations because such corporation "does not pose the danger of aggregated wealth amassed through the corporate form, since its shareholders must pay individual income tax on its income."

The Office of the General Counsel rejects the arguments that S corporations should enjoy a special exemption from the prohibitions of 2 U.S.C. § 441b. Although Edmar is treated as an S corporation for tax purposes, it remains a corporation for purposes of the Federal Election Campaign Act ("the Act"). The



tax ramification of an S corporation does not remove the funds from corporate control. Ms. Chandler's ability to benefit from a statute designed to provide protection against double taxation does not change the corporate nature of the enterprise itself or convert the corporation's assets into personal ones.

Moreover, as noted by the Committee, there are several ways the candidate could have converted the Edmar funds to personal funds and avoided the corporate contribution. As contemplated in the Regulations, she could have received a distribution of funds or liquidated her shares. Further, she could have borrowed from a bank against her corporate holdings, and used those funds in the campaign. She could have made an in-kind loan of her stock to the campaign, and the Committee could have borrowed against that stock. The candidate could have chosen to take her interest in Edmar in such fashion, none of which involve a loan from the corporate entity. Instead, the decision was made to use corporate assets to make the loan to the Committee.

To view the Edmar funds as personal rather than corporate funds, as the Committee suggests--solely based on tax consequences to the shareholder--would erode the clear meaning of the statute at Section 441b and go far beyond the Commission's consistent application of Section 441b to all corporations

regardless of their structure and purpose.<sup>1</sup>

Therefore, this Office recommends that the Commission reject the Committee's request to take no further action in this matter. We also recommend that the Commission find reason to believe that the Committee and treasurer violated 2 U.S.C. § 434(a)(6).

In addition, because the Chandler Committee is involved in the investigation already underway in MUR 3119, this Office recommends that the Commission merge RAD Referral 91L-5 with MUR 3119. However, since the Edmar Corporation is not the subject of the RAD Referral, and thus not privy to the information therein, we recommend that the merged matter retain the MUR number 3119.

#### IV. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that the Chandler for Congress Committee and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6).
3. Merge 91L-5 with MUR 3119.
4. Reject the request of the Chandler for Congress Committee and Raymond Babinski, as treasurer, to take no further action regarding the violation of 2 U.S.C. § 441b(a).

---

1. The Commission has by regulation allowed an exception for political committees incorporated for liability purposes only. 11 C.F.R. § 114.12(a). The Supreme Court made a limited exception in FEC v. Massachusetts Citizens for Life, 479 U.S. 238 (1986), for a particular type of entity organized to promote ideas rather than for economic gain. However, these exceptions do not apply to Edmar Corporation.

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

Lawrence M. Noble  
General Counsel

Date 8/16/91

BY:   
Lois G. Lerner  
Associate General Counsel

Attachments:

- A. Referral Materials
- B. Factual and Legal Analysis
- C. Committee Request for No Further Action

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Chandler for Congress Committee  
Raymond Babinski, as treasurer.

(MUR 3368)  
RAD Referral  
#91L-5 and  
MUR 3119

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 9, 1991, the Commission decided by a vote of 6-0 to take the following actions in RAD Referral #91L-5 and MUR 3119:

1. Open a MUR.
2. Find reason to believe that the Chandler for Congress Committee and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6).
3. Merge RAD Referral #91L-5 with MUR 3119, as recommended in the General Counsel's Report dated August 6, 1991.
4. Reject the request of the Chandler for Congress Committee and Raymond Babinski, as treasurer, to take no further action regarding the violation of 2 U.S.C. § 441b(a).

(continued)

5. Approve the appropriate letter and the Factual and Legal Analysis, as recommended in General Counsel's Report dated August 6, 1991.

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

Attest:

8-9-91  
Date

For Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Tues., August 6, 1991, 5:12 p.m.  
Circulated to the Commission: Wed., August 7, 1991, 11:00 a.m.  
Deadline for vote: Fri., August 9, 1991, 11:00 a.m.

bjf

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 23, 1991

Carolyn Utrecht, Esquire  
Manatt, Phelps & Phillips  
1200 New Hampshire Ave., N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress  
Ray Babinski, as treasurer

Dear Ms. Utrecht:

On August 9, 1991, the Federal Election Commission found that there is reason to believe the Chandler for Congress Committee and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). At the same time, the Commission rejected the Committee's request to take no further action regarding the violation of 2 U.S.C. § 441b(a). The Commission also determined to merge this matter with ongoing MUR 3119. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the 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

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Carolyn Utrecht, Esquire  
Page 2

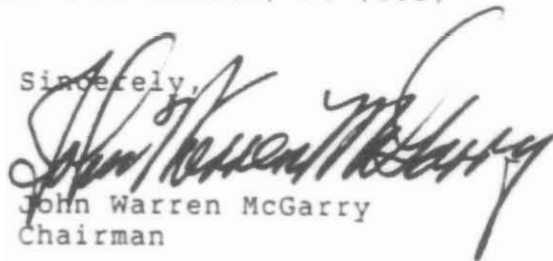
pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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

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

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

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

RESPONDENTS: Chandler for Congress      MUR: 3119  
                 Committee  
                 Raymond Babinski, as treasurer

The Federal Election Campaign Act of 1971, as amended ("the Act") provides that the principal campaign committee of a candidate shall file notifications of any contributions of \$1,000 or more received by any authorized committee after the 20th day, but more than 48 hours before any election. This notification shall be made within 48 hours after receipt of such contribution and shall include the name of the candidate and the office sought, the identification of the contributor, and the date of receipt and amount of the contribution. 2 U.S.C. § 434(a)(6)(A). This notification shall be in addition to all other reporting requirements under the Act. 2 U.S.C. § 434(a)(6)(B). The Act defines "identification" to mean in the case of any individual, the name, mailing address, and occupation of each individual, as well as the name of his or her employer; and in the case of any other person, the full name and mailing address. 2 U.S.C. § 431(13).

The Reports Analysis Division's ("RAD") review of the Committee's reports has identified one loan/contribution of \$50,000 that was received between the 20th day but more than 48 hours before the primary election. This contribution was a bank loan dated May 18, 1991, and guaranteed by the candidate.



The Committee did not submit a 48-hour report for the amount noted above, but reported the receipt on the 1990 July Quarterly Report which covered the period May 17, 1990, through June 30, 1990. Therefore, there is reason to believe the Chandler for Congress Committee and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6).

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OGC #2841

LAW OFFICES  
**MANATT, PHELPS & PHILLIPS**  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1200 NEW HAMPSHIRE AVENUE, N.W.  
SUITE 200  
WASHINGTON, D.C. 20036

TELEPHONE (202) 463-4300  
FAX (202) 463-4394  
(202) 463-4395

LOS ANGELES  
11355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064  
(213) 312-4000

September 19, 1991

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

91 SEP 19 PM 5:45  
FEDERAL ELECTION COMMISSION

RE: MUR 3119  
Chandler for Congress  
Ray Babinski, as Treasurer

Dear Mr. Noble:

This letter is in response to the Commission's rejection of the Chandler for Congress Committee's request to take no further action in the above-referenced matter. In view of the Commission's determination to proceed, my clients request that the Commission enter into pre-probable cause conciliation in this matter.

We hope that the Commission will view the circumstances and arguments set forth in our response of March 4, 1991 as mitigating factors and take these into account in formulating a proposal for conciliation. As stated in that response, the candidate believes that the funds borrowed from Edmar were her personal funds. Moreover, as should be apparent from the Committee's reports on file at the Commission, the Committee is essentially insolvent and has been unable to raise funds to repay its debts. We believe that the Commission should also consider the Committee's financial situation in reaching an equitable settlement of this matter.

The Commission made a further finding of reason to believe that the Committee failed to file one 48 hour special notification of receipt of a loan during the period immediately prior to the primary election. While the Committee correctly filed a 48 hour notification of a contribution received on the same day as the loan, the Committee did not believe that a candidate loan was subject to the special reporting requirements for contributions received during the pre-election period. Indeed, the Commission's reporting form itself contributes to confusion regarding the requirement for 48 reports. On the FEC Form 3, Detailed Summary Page, "Loans" are treated as a different category of "Receipts" than "Contributions." The Committee was aware that special notice was required upon receipt of contributions of \$1,000, but unaware of the requirement for loans.

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In the Matter of  
Chandler for Congress Committee, Inc.  
Raymond Babinski, as treasurer  
Edmar Corporation

MUR 3119

## GENERAL COUNSEL'S REPORT

On January 8, 1991, based on a complaint filed with the FEC, and on a referral from the Reports Analysis Division, the Commission found reason to believe that the Chandler for Congress Committee ("the Committee") and Raymond Babinski, as treasurer, violated 2 U.S.C. § 441b(a) by receiving \$266,000 in corporate loans from the Edmar Corporation. A reason to believe finding was also made regarding the Edmar Corporation's violation of 2 U.S.C. § 441b(a).

On August 9, 1991, the Commission rejected the Committee's request to take no further action regarding the violation of 2 U.S.C. § 441b(a). At the same time, based on a referral from the Reports Analysis Division, the Commission found reason to believe that the Committee and its treasurer violated 2 U.S.C. § 434(a)(6) by failing to submit a 48-hour report for a loan/contribution of \$50,000 that was received by the Committee. The bank loan was guaranteed by the candidate. This referral was merged into MUR 3119.

In response to Commission action, the Committee and Edmar Corporation requested resolution of the Section 441b(a) matter

through pre-probable cause conciliation. At the same time, with regard to the 2 U.S.C. § 434(a)(6) issue, the Committee requested by letter that the Commission take no further action, "[i]n light of the fact that the Committee failed to file only one 48-hour report based on a misunderstanding as to the applicability of this requirement to loans." However, in a subsequent discussion with Committee counsel, the pre-probable cause request was also extended to the reporting issue, thereby superseding the request for no further action. Therefore, the Office of the General Counsel recommends that the Commission enter into pre-probable cause conciliation on both issues concerning the Committee as well as with the Edmar Corporation.

II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

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III. RECOMMENDATIONS

1. Enter into conciliation with the following prior to a finding of probable cause to believe:
  - a) Chandler for Congress Committee, Inc. and Raymond Babinski, as treasurer;
  - b) Edmar Corporation.
2. Approve the attached proposed conciliation agreement and the appropriate letter.

Lawrence M. Noble  
General Counsel

23040934935  
Date

BY:

  
Lois G. Lerner  
Associate General Counsel

Attachments

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

Staff assigned: Frances B. Hagan



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

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

DATE: DECEMBER 3, 1991

SUBJECT: MUR 3119 - GENERAL COUNSEL'S REPORT  
DATED NOVEMBER 25, 1991.

The above-captioned document was circulated to the  
Commission on TUESDAY, NOVEMBER 26, 1991 at 4:00 P.M.

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

|                       |       |
|-----------------------|-------|
| Commissioner Aikens   | _____ |
| Commissioner Elliott  | _____ |
| Commissioner Josefiak | _____ |
| Commissioner McDonald | XXX   |
| Commissioner McGarry  | _____ |
| Commissioner Thomas   | XXX   |

This matter will be placed on the meeting agenda  
for TUESDAY, DECEMBER 10, 1991.

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

0304 934836

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Chandler for Congress Committee, Inc. ) MUR 3119  
Raymond Babinski, as treasurer; )  
Edmar Corporation. )

CERTIFICATION

I, Delores Harris, recording secretary for the  
Federal Election Commission executive session on  
December 10, 1991, do hereby certify that the Commission  
decided by a vote of 5-0 to take the following actions  
in MUR 3119:

1. Enter into conciliation with the following  
prior to a finding of probable cause to  
believe:
  - a) Chandler for Congress Committee, Inc.  
and Raymond Babinski, as treasurer;
  - b) Edmar Corporation.

(continued)

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2. Approve the proposed conciliation agreement and the appropriate letter, as recommended in the General Counsel's Report dated November 25, 1991,

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

Attest:

December 11, 1991  
Date

Delores R. Harris  
Delores R. Harris  
Administrative Assistant

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 17, 1991

Lyn Utrecht, Esq.  
Manatt, Phelps & Phillips  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress and  
Ray Babinski, as treasurer  
Edmar Corporation

Dear Ms. Utrecht:

On January 8, 1991, the Federal Election Commission (the "Commission") found reason to believe that your clients, Chandler for Congress and Ray Babinski, as treasurer, and the Edmar Corporation, each violated 2 U.S.C. § 441b(a). Subsequently, on August 9, 1991, the Commission found reason to believe that Chandler for Congress and Ray Babinski, as treasurer, also violated 2 U.S.C. § 434(a)(6). At your request, on December 10, 1991, the Commission determined to enter into negotiations directed towards reaching two conciliation agreements in settlement of this matter prior to a finding of probable cause to believe.

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

If you have any questions or suggestions for changes in the agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact me at (202) 219-3690.

Sincerely,

Craig Douglas Reffner  
Attorney

Enclosures

Conciliation Agreement for Chandler for Congress and  
Ray Babinski, as treasurer  
Conciliation Agreement for Edmar Corporation

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 8, 1992

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Lyn Utrecht, Esq.  
Manatt, Phelps & Phillips  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress and  
Ray Babinski, as treasurer  
Edmar Corporation

Dear Ms. Utrecht:

On December 17, 1992, you were notified that, at your request, the Federal Election Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On that same date you were sent a conciliation agreement offered by the Commission in settlement of this matter.

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

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

Sincerely,

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

Craig Douglas Reffner  
Attorney

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MANATT, PHELPS, PHILLIPS & KANTOR

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, N.W.

SUITE 200

WASHINGTON, D.C. 20036-6889

TELEPHONE (202) 463-4300

FAX (202) 463-4394

(202) 463-4395

LOS ANGELES

1355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064-1544  
(310) 32-4000

January 17, 1992

Lisa Klein  
Assistant General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

RE: MUR 3119  
Chandler for Congress  
Ray Babinski, as Treasurer  
Edmar Corporation

92 JAN 17 AM 11:04  
RECEIVED  
FEDERAL ELECTION COMMISSION

Dear Ms. Klein:

o It is obvious that neither Edmar nor the Committee believed the loans to be impermissible since the Committee fully disclosed the loans on its FEC report.

o Upon notification by the FEC that the loans were impermissible, the Committee took immediate steps to correct the error. Thus, the loans were outstanding only for a few months.

o Because Edmar is an S Corporation, Ms. Chandler could have distributed the funds to herself and loaned the money to the Committee. As an S corporation stockholder she had already been taxed on the earnings of the corporation. Thus, while the Commission views all corporations as alike, this situation may well be characterized as a technical violation, since Ms. Chandler had beneficial interest in and legal access to and control over these funds.

o Ms. Chandler historically has considered and used the funds of Edmar as her own personal funds. In addition, the Committee was, at the time of the loans, obtaining legal advice from an attorney experienced in New Jersey election law

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Lisa Klein  
January 17, 1992  
Page 2

who the Committee believed was also familiar with federal law. That attorney apparently did not know and did not advise them that there was any problem with these loans.

o In effect, both respondents in this matter, the Committee and Edmar Corporation, are the candidate. The Committee has no funds and has an outstanding debt of hundreds of thousands of dollars. The only realistic way to repay this debt will be for the candidate personally to repay it. Edmar Corporation is Marguerite Chandler.

If you have any questions, please let me know.

Sincerely,



Lyn Utrecht  
Manatt, Phelps, Phillips & Kantor

23040934842



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 25, 1992

Lyn Utrecht, Esq.  
Manatt, Phelps & Phillips  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress, Inc., and  
Raymond Babinski, as treasurer

Edmar Corporation

Dear Ms. Utrecht:

Based on a complaint filed with the Federal Election Commission (the "Commission") on August 27, 1990, and information supplied on behalf of your clients, Chandler for Congress, Inc., and Ray Babinski, as treasurer, and the Edmar Corporation, the Commission, on January 8, 1991, found that there was reason to believe your clients violated 2 U.S.C. § 441b(a), and instituted an investigation of this matter. Subsequently, based on information ascertained in the normal course of carrying out its supervisory responsibilities, on August 9, 1991, the Commission found reason to believe that your clients, Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6).

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations of 2 U.S.C. §§ 441b(a) and 434(a)(6) have occurred.

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

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Lyn Utrecht, Esq.  
Page 2

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

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

Should you have any questions, please contact Craig Douglas Reffner, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

*LM Noble (ZAZ)*

Lawrence M. Noble  
General Counsel

Enclosure  
Brief

23040934844

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Chandler for Congress, Inc., and ) MUR 3119  
Raymond Babinski, as treasurer )  
 )  
Edmar Corporation )

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On January 8, 1991, the Federal Election Commission (the "Commission") found reason to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer (collectively referred to as the "Committee"), and the Edmar Corporation (the "Corporation") each violated 2 U.S.C. § 441b(a). The basis for the Commission's finding concerned \$266,000 in loans provided by the Edmar Corporation to Marguerite Chandler in connection with her 1990 election campaign in New Jersey's Twelfth Congressional District. After receiving these funds, Ms. Chandler then loaned them to the Committee. The Commission, on August 9, 1991, also found reason to believe that the Committee violated 2 U.S.C. § 434(a)(6) for failing to file a 48 hour notice for a \$50,000 loan received from the candidate.

In response to the Commission's Section 441b(a) finding, counsel for Respondents acknowledges that the Corporation loaned \$266,000 to Marguerite Chandler, who in turn loaned those funds to the Committee. Counsel, however, asserts that due to the special tax structure of Edmar Corporation, the funds loaned to Ms. Chandler were her personal funds and not the Corporation's. With regard to the Commission's Section 434(a)(6) finding,

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counsel asserts that the Committee did not believe that a loan from the candidate would be subject to the 48-hour reporting requirements. Respondents also requested to enter into conciliation prior to a finding of probable cause to believe with respect to both of the Commission's findings and the Commission, on December 10, 1991, accepted this request.

## II. ANALYSIS

### A. Corporate Contribution

Pursuant to Section 441b(a) of the Federal Election Campaign Act of 1971, as amended (the "Act"), corporations are prohibited from making contributions from their general treasury funds in connection with a Federal election while political committees are prohibited from knowingly accepting such contributions. The Act defines the term contribution to include a "loan" and provides that any candidate who obtains a loan in connection with his or her campaign shall be considered to have obtained the loan as an agent of his or her authorized committee. 2 U.S.C. §§ 431(8)(definition of contribution) and 432(e)(2)(candidate as agent of committee).

Under the Internal Revenue Code, small businesses may organize themselves as Subchapter S Corporations. 26 U.S.C. §§ 1361-1379. Under this system of organization, a business

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retains its corporate identity, but avoids double taxation by passing its income or losses directly through to its shareholders, whose gross income is thereby deemed to include his or her pro rata share of the gross income of the corporation.

The Act permits Federal candidates to make unlimited expenditures from their personal funds in connection with their election campaigns. The Commission's regulations define a candidate's personal funds to include any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either legal and rightful title or an equitable interest. 11 C.F.R. § 110.10(b)(1)(i)-(ii).

Respondents do not deny that Edmar Corporation provided Marguerite Chandler \$266,000 in loans in connection with her campaign for Federal office. Rather, counsel for Respondents argues that since Edmar Corporation is taxed as a Subchapter S corporation, the Corporation's funds are actually the personal funds of Ms. Chandler, who owns eighty-five percent (85%) of the stock issued by the Corporation and is personally taxed on an equivalent percentage of the Corporation's income. According to counsel, Ms. Chandler could have obtained the funds in question by several means other than a loan, including: directing that the Corporation make a disbursement to her; liquidating her interest in the Corporation and using the proceeds in her campaign; using her interest in the Corporation as collateral to

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obtain a bank loan; or loaning her shares of stock in the Corporation to the Committee for its use as collateral to obtain a bank loan. Counsel advances the argument that in light of the permissible methods in which Ms. Chandler could have obtained the \$266,000 in funds, which she in turn provided to the Committee, the loans from Edmar Corporation are not the type of corporate contribution prohibited by Section 441b(a) of the Act and as such, no purpose is served by pursuing this matter.

As noted above, the Commission's regulations define a candidate's personal funds to include, inter alia, any assets in which he or she has legal title or an equitable interest. The fact that a candidate may be a shareholder in a corporation and is personally taxed on the corporation's income, however, does not mean that the corporation's treasury funds will be viewed as the "personal funds" of the candidate. Under the Act, corporations are prohibited from using their treasury funds to make contributions in connection with Federal elections and the benefit derived from a statute designed to provide protection against double taxation does not change the corporate nature of an enterprise for purposes of the Act. Indeed, regardless of the manner in which Edmar Corporation is taxed under the Internal Revenue Code, it will retain a legal identity separate from that of its investors. See United States v. Richardson, 469 F.2d 349, 350 (10th Cir. 1972) ("the legislative history of Subchapter S negates any inference that Congress intended" corporations to lose their corporate character). Moreover, the money provided to Ms. Chandler in this matter originated

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directly from Edmar Corporation's general treasury funds in the form of loans which Ms. Chandler was required to satisfy, thus evidencing that these funds were controlled by Edmar Corporation and not Ms. Chandler. Although Ms. Chandler may have obtained these funds from Edmar Corporation through various means other than loans, the particular manner in which she did obtain these funds is the exact type of corporate influence that Section 441b is intended to eliminate.

In short, the Commission's regulations defining a candidate's personal funds should not be read in isolation, but rather in conjunction with the provisions of Act. In light of the Act's broad prohibition against corporate contributions, the loans provided to Marguerite Chandler by Edmar Corporation should not be viewed as Ms. Chandler's personal funds due to the special tax structure of Edmar Corporation. Accordingly, the General Counsel is prepared to recommend that the Commission find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. § 441b(a) and that Edmar Corporation violated 2 U.S.C. § 441b(a).

B. Reporting Violation

Pursuant to Section 434(a)(6)(A), a Federal candidate's campaign committee must notify either the Clerk of the House, Secretary of the Senate or the Commission (and the appropriate Secretary of State), in writing, of each contribution totaling \$1,000 or more received by any authorized committee of the candidate after the twentieth day but more than 48 hours before any election. Section 434(a)(6)(A) further requires this

notification to be made within 48 hours after the receipt of the contribution and to include the name of the candidate, identification of the contributor, the date of receipt and the amount of the contribution. A contribution is any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office and the Act specifically provides that all reports filed under Section 434 must contain, for the appropriate reporting period, all receipts, including, "contributions from the candidate" and "loans made by or guaranteed by the candidate." 2 U.S.C. §§ 431(8)(definition of contribution), 434(b)(2)(B)(contributions from candidate) and 434(b)(2)(G)(loans made by candidate). Timely disclosure of contributions pursuant to Section 434(a)(6)(A) is in addition to all other reporting requirements. 2 U.S.C. § 434(a)(6)(B).

Marguerite Chandler was a candidate in New Jersey's 1990 Twelfth Congressional District Primary Election, held on June 5, 1990. Under Section 434(a)(6)(A), the Committee was required to notify the appropriate Federal and state offices of any contributions of \$1,000 or more received during the period of May 17, 1990 through June 2, 1990. This notice was to have been made within 48 hours from receipt of such contributions. A review of the Committee's 1990 July Quarterly Report, covering the reporting period of May 17, 1990, through June 30, 1990, shows that the Committee received a \$50,000 loan from Marguerite Chandler on May 21, 1992. Counsel acknowledges that Respondents failed to notify the appropriate Federal and state offices of

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the receipt of this candidate loan within 48 hours, arguing that Respondents did not believe that a candidate loan was subject to the special reporting requirements for contributions received during the period covered by Section 434(a)(6)(A) of the Act. Counsel notes that Respondents did file a 48 hour notification for a contribution received on the same day as the loan and attributes Respondents' failure to similarly disclose the candidate loan to the Commission's disclosure report for authorized committees, which provides for loans and contributions to be accounted for separately on the detailed summary page.

Regardless of the manner in which an authorized committee's receipts are accounted for within the detailed summary page of the Commission's disclosure reports, Section 434(a)(6)(A) expressly provides for pre-election disclosure of all contributions of \$1,000 or more and the Act clearly defines a contribution to include a loan. Moreover, the Act requires that authorized committees disclose "contributions from the candidate" as well as "loans made by or guaranteed by the candidate." 2 U.S.C. §§ 434(b)(2)(B) and 434(b)(2)(B). In any event, Respondents' reliance on the Commission's disclosure report for authorized committees is misplaced here, as Section 434(a)(6)(A) only requires that notice be "in writing."

Based on the above considerations, the General Counsel is prepared to recommend that the Commission find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. § 434(a)(6)(A).

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6).
2. Find probable cause to believe that Edmar Corporation violated 2 U.S.C. § 441b(a).

Date

6/24/92

Lawrence M. Noble  
General Counsel

LM Noble (7/2)

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MANATT, PHELPS, PHILLIPS & KANTOR

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, N.W.

SUITE 200

WASHINGTON, D.C. 20036-6889

TELEPHONE (202) 463-4300

FAX (202) 463-4394

(202) 463-4395

LOS ANGELES

1055 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064

(202) 301-1000

July 2, 1992

Lawrence M. Noble, Esq.  
General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

RE: MUR 3119  
Chandler for Congress,  
Inc. and Raymond  
Babinski, as Treasurer

Dear Mr. Noble:

On June 29, 1992, I received your letter of June 25, 1992, advising me that the Office of General Counsel recommends a finding of probable cause in the above referenced matter. The Committee's response to the General Counsel's brief is due on July 14, 1992. We are hereby requesting an extension of time until August 3, 1992 to respond. This need for an extension is based on the previously scheduled absence of Counsel and our resulting inability to adequately prepare a response by that date.

For this reason, we request an extension of twenty days setting the new deadline on August 3, 1992. Thank you for your consideration of this request. I can be reached at (202) 463-4320.

Sincerely,

*Lyn Utrecht*

Lyn Utrecht

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OFFICE OF GENERAL COUNSEL  
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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 8, 1992

Lyn Utrecht, Esq.  
Manatt, Phelps, Phillips & Kantor  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036-6889

RE: MUR 3119  
Chandler for Congress, Inc. and  
Raymond Babinski, as treasurer

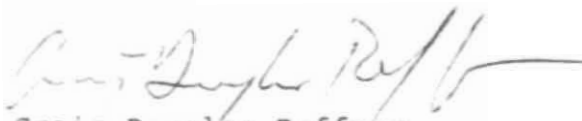
Edmar Corporation

Dear Ms. Utrecht:

This is in response to your letter dated July 2, 1992, requesting an extension of twenty days to respond to the General Counsel's Brief in the above-captioned matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 3, 1992.

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

Sincerely,

  
Craig Douglas Reffner  
Attorney

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Chandler for Congress, ) MUR 3119  
Raymond Babinski, Treasurer; )  
Edmar Corporation, )  
Marguerite Chandler, Agent )

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RESPONSE TO THE GENERAL COUNSEL'S BRIEF

This memorandum is filed on behalf of Chandler for Congress, Ray Babinski, Treasurer, and Edmar Corporation, Marguerite Chandler, Agent, in response to the General Counsel's brief in the above-referenced matter.

For the reasons set forth below, we respectfully request that the Commission find no probable cause or take no further action and close the file in this matter.

BACKGROUND

Marguerite Chandler was a candidate for Congress from New Jersey in 1990. Between April 23, 1990 and July 18, 1990, Ms. Chandler borrowed funds totalling \$266,000 from Edmar Corporation, an S Corporation of which she is the principal stockholder, and loaned them to her principal campaign committee, Chandler for Congress Committee. These loans were fully reported to the Federal Election Commission.

Upon notification by the FEC that these loans appeared to be prohibited corporate contributions, on August 1, 1990, Ms. Chandler promptly obtained a personal line of credit from United Jersey Bank ("UJB") pledging 900 shares of her stock in Edmar,

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and repaid the funds borrowed from Edmar. Subsequently, in September 1990, the New Jersey Republican State Committee filed this complaint alleging that the Edmar loans violated 2 U.S.C. § 441b and also alleging that the line of credit obtained from UJB might not be proper.

On January 8, 1991, the Commission found reason to believe that the Edmar loans violated 2 U.S.C. § 441b. The Commission found no reason to believe that the loan from UJB violated § 441b. The parties attempted to resolve this matter through pre-probable cause conciliation but were unsuccessful.

#### LEGAL ANALYSIS

##### **I. The Loans From Edmar Corporation Were Made With The Candidate's Personal Assets**

The respondents in this matter contend that Edmar's status as an S corporation means that its assets may properly be treated as personal assets of the candidate and, therefore, that the loans made from Edmar funds to Ms. Chandler's campaign were permissible under the Act.

The Commission historically has interpreted 2 U.S.C. § 441b as applying to all corporations and, therefore, has not inquired into the nature of the corporation when a loan is made from a corporation to a candidate or his or her committee. Recently, however, the Courts have been less willing to accept the Commission's position that Section 441b applies equally to all corporations regardless of differences in their corporate

structure and purposes. See, e.g., FEC v. Massachusetts Citizens for Life, 479 U.S. 238 (1986).<sup>1</sup>

While Edmar is a different type of corporation than MCFL, we submit that the nature of Edmar Corporation and its relationship to the candidate, Marguerite Chandler, as its majority shareholder, compel an additional legal analysis beyond the mere assertion that because Edmar is a corporation a violation of the law occurred. As set forth more fully below, due to the corporate and tax structure of Edmar Corporation, the funds loaned to Chandler for Congress were "personal funds" of the candidate within the definition set forth at 11 C.F.R. § 110.10, and, therefore, no violation occurred as a result of the Edmar loans to Chandler for Congress.

Under Section 110.10, a candidate may make unlimited expenditures from personal funds. Personal funds are defined as those "...which, under applicable state law, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) Legal and rightful title, or (ii) An equitable interest." *Id.* The conclusion that the funds loaned from Edmar were Ms. Chandler's personal funds flows from the characterization of Edmar as an "S Corporation" under federal tax law.

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<sup>1</sup>/ The Commission itself has made a distinction for one type of corporation by regulation, i.e., an incorporated political committee. 11 C.F.R. § 114.12(a). Although the Act does not make any exception for incorporated political committees, the Commission by regulation has elected not to treat incorporated political committees as corporations subject to the Section 441b prohibition.

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Marguerite Chandler personally owns approximately 85% of the stock of Edmar Corporation. The ownership of the remaining 15% interest is divided among her husband and her sons. Marguerite Chandler's sons hold their interests pursuant to revocable grantor trusts. Although incorporated under New Jersey law for purposes of limited liability, Edmar has elected to be treated as an S Corporation under the Internal Revenue Code. The primary significance of this election is that as a shareholder in an S Corporation, Ms. Chandler has, by electing S Corporation status, accepted the burden of being taxed on the income earned by Edmar as if such income were hers in all other respects, whether or not such income was distributed to her or left in the corporation. When no corporate distribution is made, S Corporation shareholders must use their other personal funds to pay the tax liability attributable to the income earned in the S Corporation. Thus, as 85% owner of Edmar, an S Corporation, Ms. Chandler must pay income tax on her share of the income of Edmar Corporation even if she did not receive those funds as a dividend or other corporate distribution. Under tax and corporate law, if she elected to leave personal funds in the corporation after paying tax on that income, it was her choice to do so.

Had Ms. Chandler wished, or had she understood the technical significance of the Commission's interpretation of Section 441b, she could simply have directed that Edmar distribute \$266,000 to her rather than borrow it from Edmar. To the extent that the \$266,000 of corporate income had already been taxed to Marguerite

Chandler as an S Corporation shareholder as outlined above, such distribution to Marguerite Chandler could have been tax-free to her.

Thus, in these circumstances, and under the Commission's regulations, the funds borrowed by Ms. Chandler from Edmar were her personal funds. She had access to and control over the funds and legal and rightful title to 85% of the stock of Edmar, as well as a beneficial interest in the corporation's funds in the same manner that a partner has with respect to partnership funds.<sup>2/</sup> If Ms. Chandler had simply elected to receive a corporate distribution from Edmar instead of a loan, under the Act and FEC regulations, her loan of those personal funds to her committee would not have been questioned.

That Ms. Chandler believed these funds to be her personal funds is also apparent from the fact that these transactions were promptly and fully reported to the FEC. There was no attempt at subterfuge. As a result of the fact that Edmar is an S Corporation and that Ms. Chandler is taxed on her share of Edmar's income, Ms. Chandler honestly believes that the Edmar funds are her personal assets. Her corporate and tax advisors have given her this advice, and in the past she has treated Edmar

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<sup>2/</sup> The Commission has long recognized that partners may access their share of partnership funds for the purpose of making personal contributions under the Act. See FEC Advisory Opinion 1980 - 72, 1 Fed. Elec. Camp. Fin. Guide (CCH) ¶ 5528. While a partner's funds used for individual political purposes must be maintained in a separate account, there is no limit on a partner's ability to access his or her share of partnership funds.

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funds as her personal assets for purposes unrelated to federal elections.

The General Counsel's brief in this matter does not contain any analysis responding to the contention that Ms. Chandler's interest in Edmar in fact meets the standard in the FEC regulations governing personal assets: that is, that she has legal and rightful title or equitable interest as well as access to and control over the assets of Edmar. Instead, the Brief merely states the conclusion that these are not personal funds. In support of this conclusion, the Brief cites only to language in a 10th Circuit case to the effect that Subchapter S corporations do not lose their corporate character. This statement might well be made concerning incorporated political committees which the FEC regulations specifically permit, as well as corporations like MCFL which the courts have said must be permitted to make corporate contributions. The mere fact that a corporation is still a corporation is thus no longer a sufficient reason standing alone to determine that a prohibited corporate contribution has been made.

The General Counsel's Brief does not dispute that Ms. Chandler could simply have paid herself the money directly from Edmar and loaned it to her campaign. Nor does the Brief dispute that the record reflects that Ms. Chandler believed the funds to be her own personal funds and used them accordingly in other situations. The Brief does not explain why Ms. Chandler is not deemed to have at least an equitable interest in and access to

and control over these funds. Thus, the General Counsel's position is based on the technicality that funds from an S corporation may not be used by their owner unless the funds are transferred through the candidate to the campaign rather than directly from the corporation to the campaign, regardless of Ms. Chandler's ownership of the funds.

## II. The Constitutional Justifications For The Section 441b Prohibition Do Not Apply to S Corporations

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The General Counsel's Brief at 5 asserts that the loans from Ms. Chandler's S corporation are "the exact type of corporate influence that Section 441b is intended to eliminate." That statement is patently absurd. To the contrary, an S Corporation lacks the inherent dangers cited by the Congress and the Supreme Court as justifying the restrictions set forth in Section 441b. The primary Congressional motivation for singling out corporations for different treatment than that accorded to partnerships or other forms of business operation under the Act was the corporate potential for amassing large aggregations of wealth due to the favorable tax treatment accorded corporations.<sup>2/</sup> The Supreme Court has described the rationale underlying Section 441b "as the need to restrict 'the influence of political war chests funneled through the corporate form,'

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<sup>2/</sup> A secondary reason underlying the Section 441b prohibition was protection of the interests of minority shareholders. National Right to Work Committee v. FEC, 459 U.S. 197, 208 (1982); Pipefitters v. U.S., 407 U.S. 385, 414-15 (1972). This rationale is obviously irrelevant when the vast majority of the corporation's shares are owned by the candidate personally.



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NCPAC, 470 U.S., at 501 (1985); to 'eliminate the effect of aggregated wealth on federal elections,' Pipefitters, 407 U.S., at 416; to curb the political influence of 'those who exercise control over large aggregations of capital,' Automobile Workers, 352 U.S., at 585; and to regulate the 'substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization,' National Right to Work Committee, 459 U.S., at 207." FEC v. MCFL, 479 U.S., at 257. This justification is simply inapplicable to S Corporations which are treated like partnerships under the tax rules.

As described above, an S Corporation does not pose the danger of aggregated wealth amassed through the corporate form, since its shareholders must pay individual income tax on its income. Thus, there is substantial doubt that Section 441b, if applied to prohibit a candidate from using her own funds in an S Corporation in connection with her own campaign, would be constitutional.

**III. Based on the equities of this situation, the Commission should take no further action and close the file in this matter.**

Even if the Commission views these loans as a corporate contribution, the Commission should take no further action and close its file in this matter based on the equities and the good faith efforts of the respondents to comply with the law.

It is obvious that neither Edmar nor the Committee believed the loans to be impermissible since the Committee fully disclosed the loans on its FEC report. Upon notification by the FEC that



the loans were impermissible, the Committee took immediate steps to correct the error. Thus, the loans were outstanding only for a few months.

Because Edmar is an S Corporation, Ms. Chandler could have distributed the funds to herself and loaned the money to the Committee. The General Counsel's Brief does not dispute this fact. As an S corporation stockholder she had already been taxed on the earnings of the corporation. Thus, while the Commission views all corporations as alike, this situation may well be characterized as a technical violation, since Ms. Chandler had beneficial interest in and legal access to and control over these funds.

Ms. Chandler historically has considered and used the funds of Edmar as her own personal funds. In addition, the Committee was, at the time of the loans, obtaining legal advice from an attorney experienced in New Jersey election law who the Committee believed was also familiar with federal law. That attorney apparently did not know and did not advise respondents that there was any problem with these loans.

In effect, both respondents in this matter, the Committee and Edmar Corporation, are the candidate. The Committee has no funds and has an outstanding debt of hundreds of thousands of dollars. The only realistic way to repay this debt will be for the candidate personally to repay it. Edmar Corporation is Marguerite Chandler. Thus, Ms. Chandler is already paying a substantial price for what amounts to an unintentional mistake.

For the foregoing reasons, the Commission should take no further action in this matter and close the file.

**IV. The Commission should take no further action as to the failure to file 48 hour special notifications.**

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The General Counsel's Brief further recommends finding probable cause to believe that the Committee failed to file one 48 hour special notification of receipt of a loan during the period immediately prior to the primary election. While the Committee correctly filed a 48 hour notification of a contribution received on the same day as the loan, the Committee did not believe that a candidate loan was subject to the special reporting requirements for contributions received during the pre-election period. Indeed, the Commission's reporting form itself contributes to confusion regarding the requirement for 48 hour reports. On the FEC Form 3, Detailed Summary Page, "Loans" are treated as a different category of "Receipts" than "Contributions." The Committee was aware that special notice was required upon receipt of contributions of \$1,000, but unaware of the requirement for loans.

By the time of the general election, the Committee was fully aware of the 48 hour reporting requirements and filed all such reports, including notification of receipt of loans made or guaranteed by the candidate. In light of the fact that the Committee failed to file only one 48 hour report based on a misunderstanding as to the applicability of this requirement to

loans, we request that the Commission take no further action regarding this reporting omission.

CONCLUSION

For the reasons set forth above, the Commission should find no probable cause to believe that a violation of 2 U.S.C. § 441b occurred as a result of the loans from Edmar to Chandler for Congress and should take no further action in this matter.

Respectfully submitted,



Lyn Utrecht  
Manatt, Phelps & Phillips

August 3, 1992

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of )

Chandler for Congress, Inc., and )  
Raymond Babinski, as treasurer )

Edmar Corporation )

MUR 3119

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Based upon information in a complaint and the responses received thereto, the Commission found reason to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer (collectively referred to as the "Committee"), and Edmar Corporation (the "Corporation") each violated 2 U.S.C. § 441b(a). The basis for the Commission's finding concerned \$266,000 in loans made by the Corporation to the Committee in connection with Marguerite Chandler's 1990 election campaign in New Jersey's Twelfth Congressional District. Subsequently, the Commission found reason to believe that the Committee also violated 2 U.S.C. § 434(a)(6). The basis for this finding arose from an internal review of disclosure materials which showed that the Committee failed to file a 48 hour notification for a \$50,000 loan received from the candidate.

After unsuccessfully attempting to resolve this matter through pre-probable cause conciliation, this Office notified Respondents that the General Counsel was prepared to recommend that the Commission find probable cause to believe that violations had occurred. After receiving an extension of time, counsel for Respondents submitted a response, requesting that

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the Commission find no probable cause to believe or take no further action and close the file in this matter. Attachment A.

II. ANALYSIS

A. Section 441b(a) Violation

As noted in the General Counsel's Brief, incorporated herein by reference, Respondents do not dispute that the Corporation loaned \$266,000 to the Committee. Rather, Respondents contend that since Edmar Corporation qualifies as a Subchapter "S" Corporation under the Internal Revenue Code, 26 U.S.C. §§ 1361-1379, the loans made to the Committee are actually the candidate's personal funds. Respondents note that Ms. Chandler owns eighty-five percent (85%) of the stock issued by the Corporation and is personally taxed on an equivalent percentage of the Corporation's income. Respondents also note that given Ms. Chandler's control over Edmar Corporation, she could have provided the funds directly to the Committee through a variety of methods, all of which would have been permissible under the Act.

In response to the General Counsel's Brief, counsel reiterates at length her earlier argument that the funds loaned to the Committee should be viewed as the candidate's personal funds and then criticizes the General Counsel's Brief for failing to address that contention. Attachment A at 2-6. Contrary to counsel's assertion, the General Counsel's Brief explained that the benefit derived from a statute designed to provide protection against double taxation would not change the corporate nature of an enterprise for purposes of the Federal

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Election Campaign Act. Furthermore, the General Counsel's Brief noted that corporations retain separate legal entities from their investors regardless of how they are taxed under the Internal Revenue Code. With regard to Ms. Chandler's control over Edmar Corporation, the General Counsel's Brief pointed out that the funds in question originated directly from Edmar Corporation in the form of loans that Ms. Chandler was obligated to repay, thus evidencing that these funds were controlled by the Corporation and not Ms. Chandler. Finally, counsel seemingly ignores the explanation in the General Counsel's Brief that the Commission's regulations defining "personal funds" should not be read in isolation but rather in conjunction with the provisions of the Act, which of course broadly prohibit corporate contributions in connection with Federal elections.

Counsel also asserts that "there is substantial doubt that Section 441b, if applied to prohibit a candidate from using her own funds in an S Corporation in connection with her own campaign, would be constitutional." Id. at 8. Counsel explains that since S Corporations are treated like partnerships under the Internal Revenue Code, they lack "the inherent dangers cited by the Congress and the Supreme Court as justifying the restrictions set forth in Section 441b." Id. at 7-8. Edmar Corporation, however, possesses all the characteristics of a corporate entity prohibited from making contributions or expenditures under Section 441b. It is distinguishable from an MCFL corporation in that it was formed to amass capital, not to disseminate political ideas; its resources are a function of its

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success in the economic market-place, not because of its popularity in the political market-place; and the advantages derived from its corporate form redound to its benefit as a profit-making enterprise, not as a political organization. In short, Edmar Corporation fits the description of the "type of 'traditional corporatio[n] organized for economic gain,' . . . that has been the focus of regulation of corporate political activity" sustained by the Supreme Court in reviewing 2 U.S.C. § 441b. Federal Election Comm'n. v. Massachusetts Citizens for Life, Inc., 479 U.S. 238, at 259 (1986) (citation omitted). See also Austin v. Michigan State Chamber of Commerce, 494 U.S. 652 (1990).

Finally, counsel states that "[e]ven if the Commission views these loans as a corporate contribution, the Commission should take no further action and close the file based on the equities and the good faith efforts of the respondents to comply with the law." Attachment A at 8. Counsel notes that the Committee disclosed the loans to the Commission and, upon notification, "took immediate steps to correct the error." Id. at 8-9. Counsel also explains that during the time period in question, Respondents were being advised by an attorney experienced in New Jersey election law, who Respondents "believed was also familiar with federal law." Id. at 9. According to counsel, however, that "attorney apparently did not know and did not advise Respondents that there was a problem with these loans." Id. Lastly, counsel states that Ms. Chandler is "already paying a substantial price for what

amounts to an unintentional mistake" and that the Committee "has no funds and has an outstanding debt of hundreds of thousands of dollars." Id.<sup>1</sup>

Although Respondents refunded the \$266,000 in loans received from Edmar Corporation, the evidence shows that this did not occur within the time-frame prescribed under the Commission's regulations for such corrective action. 11 C.F.R. § 103.3. While the Committee's efforts may be viewed as a mitigating factor during conciliation, the fact that these loans were disclosed with the Commission is of little value here and simply shows that Respondents complied with the Act's reporting requirements. 2 U.S.C. § 434(b) (committees must disclose the receipt of all contributions, including loans). Likewise, Respondents' purported reliance upon inaccurate legal advice would not serve as a basis for taking no further action in this matter. As the United States Court of Appeals for the District of Columbia Circuit noted, "[e]veryone in our society bears the risk of getting bad legal advice." Ayuda, Inc., v. Thornburgh, 948 F.2d 742, 756 (D.C. Cir. 1991). In short, this Office recommends that Respondents' request that the Commission take no further action and close the file in this matter be denied.

1. A review of disclosure materials shows that the Committee's current cash-on-hand balance totals \$0 while its debts total \$838,200. The Committee, however, continues to raise funds, and from January 1, 1991, to the present, the Committee has received \$342,114 in contributions.

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B. Section 434(a)(6) Violation

With regard to the recommendation concerning Respondents' failure to file a 48-hour notice under 2 U.S.C. § 434(a)(6), counsel again argues that Respondents did not believe that a loan from the candidate would be subject to the 48-hour reporting requirements. In addition, counsel claims that "[b]y the time of the general election," Respondents were "fully aware of the 48 hour reporting requirements and filed all such reports." Counsel requests that the Commission take no further action with respect to this violation.

As noted in the General Counsel's Brief, Respondents' mistaken belief that candidate loans were not subject to 48 hour reporting requirements does not negate the violation in this matter, as the Act requires that authorized committees disclose "contributions from the candidate" as well as "loans made by or guaranteed by the candidate." 2 U.S.C. § 434(b)(2)(B) and 434(b)(2)(B). Moreover, the assertion that Respondents subsequently filed 48 hour reports for all other contributions received during the 1990 election would be better realized as a mitigating factor during conciliation negotiations, rather than a basis for taking no further action.

C. Conclusion

In light of the foregoing, this Office recommends that the Commission find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6) and probable cause to believe that Edmar Corporation, Inc., violated 2 U.S.C. § 441b(a). This

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Office further recommends that the Commission reject Respondents' request to take no further action and close the file in this matter.

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

This Office recommends that the Commission approve the attached agreements.

IV. RECOMMENDATIONS

1. Find probable cause to believe that Edmar Corporation violated 2 U.S.C. § 441b(a).
2. Find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6).
3. Reject Respondents' request to take no further action and close the file in this matter.

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4. Approve the attached conciliation agreements and the appropriate letter.

Date

12/17/92

  
Lawrence M. Noble  
General Counsel

Attachments:

- A. Response to General Counsel's Brief
- B. Proposed Conciliation Agreements (2)

Staff assigned: Craig Douglas Reffner

23240934873



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

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

DATE: DECEMBER 23, 1992

SUBJECT: MUR 3119 - GENERAL CONSEL'S REPORT  
DATED DECEMBER 17, 1992

The above-captioned document was circulated to the  
Commission on FRIDAY, DECEMBER 18, 1992 at 12:00 P.M.

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

|                       |       |
|-----------------------|-------|
| Commissioner Aikens   | _____ |
| Commissioner Elliott  | _____ |
| Commissioner McDonald | _____ |
| Commissioner McGarry  | _____ |
| Commissioner Potter   | XXX   |
| Commissioner Thomas   | XXX   |

This matter will be placed on the meeting agenda  
for TUESDAY, JANUARY 5, 1992

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

30409313/4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3119  
Chandler for Congress, Inc., and )  
Raymond Babinski, as treasurer; )  
Edmar Corporation. )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 5, 1993, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3119:

1. Find probable cause to believe that Edmar Corporation violated 2 U.S.C. § 441b(a).
2. Find probable cause to believe that Chandler for Congress, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6).
3. Reject Respondents' request to take no further action and close the file in this matter.

(continued)

93040934875

Federal Election Commission  
Certification for MUR 3119  
January 5, 1993

Page 2

4. Approve the conciliation agreements and the appropriate letter as recommended in the General Counsel's report dated December 17, 1992,

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

Attest:

1-6-93  
Date

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

23940934876



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 21, 1993

Lyn Utrecht, Esq.  
Manatt, Phelps & Phillips  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress, Inc., and  
Raymond Babinski, as treasurer

Edmar Corporation

Dear Ms. Utrecht:

On January 5, 1993, the Federal Election Commission found that there is probable cause to believe your clients, Edmar Corporation ("Corporation") and Chandler for Congress, Inc., and Raymond Babinski, as treasurer (collectively referred to as the "Committee"), respectively violated 2 U.S.C. § 441b(a) and 2 U.S.C. §§ 441b(a) and 434(a)(6), provisions of the Federal Election Campaign Act of 1971, as amended, in connection with \$266,000 in loans provided to Marguerite Chandler's campaign by the Corporation.

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

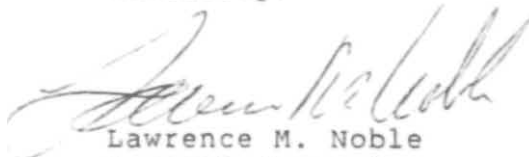
Enclosed are the conciliation agreements that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreements. Please make your check for the civil penalty payable to the Federal Election Commission.

23040934877

Lyn Utrecht, Esq.  
Page 2

If you have any questions or suggestions for changes in the enclosed conciliation agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact Craig Reffner, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

  
Lawrence M. Noble  
General Counsel

Enclosures

Conciliation Agreement for the Corporation  
Conciliation Agreement for the Committee

93040934878





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 16, 1993

HAND DELIVERED

Lyn Utrecht, Esq.  
Manatt, Phelps, Phillips & Kantor  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress, Inc., and  
Raymond Babinski, as treasurer

Edmar Corporation

Dear Ms. Utrecht:

On January 21, 1993, you were notified that the Federal Election Commission found probable cause to believe that your clients, Chandler for Congress, Inc., and Raymond Babinski, as treasurer, and Edmar Corporation, violated 2 U.S.C. §§ 441b(a) and 434(a)(6) and 2 U.S.C. § 441b(a), respectively. On that same date, you were sent two conciliation agreements, one for each of your clients, offered by the Commission in settlement of this matter.

Please note that pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), the conciliation period in this matter may not extend for more than 90 days, but may cease after 30 days. To date, we have not yet received a response from you and my attempts to contact you by telephone to discuss a resolution to this matter have been unsuccessful. In so much as our records show that the 30 day period for terminating conciliation will arise on February 23, 1993, a recommendation concerning the filing of a civil suit will be made to the Commission by the Office of the General Counsel unless we receive a response from you by the close of business on February 23, 1993.

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

Sincerely,

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

Craig Douglas Reffner  
Attorney

03040934879

RECEIVED  
F.E.C.  
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

93 MAR -4 AM 10:01

In the Matter

Chandler for Congress Committee, Inc.,  
and Raymond Babinski, as treasurer

Edmar Corporation

MUR 3119

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 5, 1993, the Commission found probable cause to believe that the Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6) and that the Edmar Corporation violated 2 U.S.C. § 441b(a). The Section 441b(a) violations concern \$266,000 in loans that Edmar Corporation made to Marquerite Chandler, a candidate in New Jersey's 1990 Twelfth Congressional District election; the Section 434(a)(6) violation involves a \$50,000 loan which the Committee failed to disclose within 48 hours from the time it was received. By same date, the Commission also approved two conciliation agreements in settlement of this matter: one proposal for the Respondent Committee, and its treasurer, and the other proposal for the Respondent Corporation.

II. DISCUSSION

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III. RECOMMENDATIONS

1.

2.

Lawrence M. Noble  
General Counsel

Date 3/3/93

BY:

LG2  
Lois G. Lerner  
Associate General Counsel

Staff Assigned: Craig Douglas Reffner

23040934833



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

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

DATE: MARCH 9, 1993

SUBJECT: MUR 3119 - GENERAL COUNSEL'S REPORT  
DATED MARCH 3, 1993.

The above-captioned document was circulated to the  
Commission on THURSDAY, MARCH 4, 1993 11:00 A.M..

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

|                       |                                         |
|-----------------------|-----------------------------------------|
| Commissioner Aikens   | <input type="checkbox"/>                |
| Commissioner Elliott  | <input type="checkbox"/>                |
| Commissioner McDonald | <input type="checkbox"/>                |
| Commissioner McGarry  | <input type="checkbox"/>                |
| Commissioner Potter   | <input type="checkbox"/>                |
| Commissioner Thomas   | <input checked="" type="checkbox"/> XXX |

This matter will be placed on the meeting agenda  
for TUESDAY, MARCH 23, 1993.

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

23040934854

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Chandler for Congress Committee, Inc.,  
and Raymond Babinski, as treasurer;  
Edmar Corporation.

)  
) MUR 3119  
)  
)  
)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on March 23, 1993, do hereby certify that the Commission decided by a vote of 6-0 to reject the recommendations contained in the General Counsel's March 3, 1993 report and instead take the following actions in MUR 3119:

1. Accept the counter-offer of the Chandler for Congress Committee, Inc. and Raymond Babinski, as treasurer, and the Edmar Corporation.
2. Close the file as it pertains to United Jersey Bank/Northwest; Chandler for Congress Committee, and Raymond Babinski, as treasurer; and the Edmar Corporation.
3. Direct the Office of General Counsel to send appropriate letters pursuant to the above actions and the Commission discussion.

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

Attest:

3-24-93  
Date

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



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 8, 1993

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Jeffrey Michaels, Executive Director  
New Jersey Republican State Committee  
312 West State Street  
Trenton, New Jersey 08618

RE: MUR 3119

Dear Mr. Michaels:

This is in reference to the complaint you filed with the Federal Election Commission on August 27, 1990, concerning the loans received by the Chandler for Congress Committee, Inc., and Raymond Babinski, as treasurer (collectively referred to as the "Committee"), from the Edmar Corporation (the "Corporation") and from United Jersey Bank/Northwest (the "Bank").

With regard to the loans from the Bank, the Commission found no reason to believe that the Bank and the Committee violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. With regard to the loans from the Corporation, the Commission found that there was probable cause to believe that the Committee and the Corporation each violated 2 U.S.C. § 441b(a). On March 23, 1993, a conciliation agreement signed by counsel for the Respondents was accepted by the Commission. Accordingly, the Commission closed the file in this matter on March 23, 1993. A copy of this conciliation agreement is enclosed for your information.

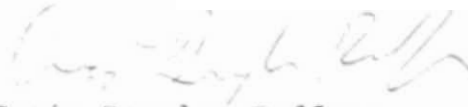
In addition, the Commission found probable cause to believe that the Committee violated 2 U.S.C. § 434(a)(6). Although this violation was not at issue in your complaint, it was resolved through conciliation along with the Respondents' violation of 2 U.S.C. § 441b(a).



Jeffrey Michaels, Executive Director  
Page 2

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

Sincerely,



Craig Douglas Reffner  
Attorney

Enclosure  
Conciliation Agreement

23040934387



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

April 8, 1993

Mr. Robert A. Gunther  
Vice President and Associate Counsel  
UJB Financial Corp  
P. O. Box 2066  
301 Carnegie Center  
Princeton, New Jersey 08543-2066

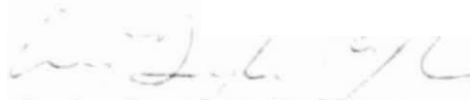
RE: MUR 3119  
United Jersey Bank/Northwest

Dear Mr. Gunther:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

  
Craig Douglas Reffner  
Attorney

23040934338



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 8, 1993

CLOSED

Lyn Utrecht, Esq.  
Manatt, Phelps & Phillips  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 3119  
Chandler for Congress and  
Ray Babinski, as treasurer

Edmar Corporation

Dear Ms. Utrecht:

On March 23, 1993, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 441b(a) and 434(a)(6), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

23040934332

Lyn Utrecht, Esq.  
Page 2

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

Sincerely,



Craig Douglas Reffner  
Attorney

Enclosure  
Conciliation Agreement

23740934800

BEFORE THE FEDERAL ELECTION COMMISSION

93 FEB 26 AM 11:04

In the Matter of )  
 )  
Chandler for Congress Committee ) MUR 3119  
Raymond Babinski, as treasurer )  
 )  
Edmar Corporation )

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 matter was also initiated by a signed, sworn, and notarized complaint by Jeffrey Michaels' executive director of the New Jersey Republican State Committee. The Commission found probable cause to believe that the Chandler for Congress Committee and Raymond Babinski, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(a)(6), and that the Edmar Corporation ("Respondent Corporation") violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

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

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

1. Chandler for Congress Committee is the principal campaign committee for Marguerite Chandler, a 1990 candidate in

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23040934892

New Jersey's Twelfth Congressional District election, within the meaning of 2 U.S.C. § 431(5) and a political committee within the meaning of 2 U.S.C. § 431(4).

2. Raymond Babinski is treasurer of the Respondent Committee.

3. Edmar Corporation is a corporation organized under the laws of the State of New Jersey. It is taxed as an "S" corporation under the Internal Revenue Code and is owned, in part, by Marguerite Chandler.

4. 2 U.S.C. § 441b(a) prohibits the making and knowing receipt of corporate contributions in connection with a federal election. 2 U.S.C. § 441b(b)(2) includes under the terms "contribution or expenditure" any direct or indirect payment, distribution, loan, advance, deposit, gift of money, or any services, or anything of value to any candidate, campaign committee, or political party.

5. 2 U.S.C. § 432(e)(2) states that any candidate who receives a loan for use in connection with the candidate's campaign shall be considered as having received the loan as an agent of the candidate's committee.

6. During the 1990 primary election campaign, between April and July 1990, Edmar Corporation made loans totaling \$266,000 to the Chandler for Congress Committee. These loans were disclosed to the Federal Election Commission on disclosure reports filed by the Respondent Committee.

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7. In August 1990, the loans were repaid to Edmar Corporation with bank loans made to the candidate, Marguerite Chandler.

8. The Federal Election Campaign Act of 1971, as amended ("the Act") provides that the principal campaign committee of a candidate shall file notifications of any contributions of \$1,000 or more received by any authorized committee after the 20th day, but more than 48 hours before any election. This notification shall be made within 48 hours after receipt of such contribution and shall include the name of the candidate and the office sought, the identification of the contributor, and the date of receipt and amount of the contribution. 2 U.S.C. § 434(a)(6)(A). This notification shall be in addition to all other reporting requirements under the Act. 2 U.S.C. § 434(a)(6)(B).

9. The Respondent Committee received one contribution of \$50,000 that was received between the 20th day but more than 48 hours before the primary election. This contribution was a bank loan dated May 18, 1991, and guaranteed by the candidate.

10. The Respondent Committee did not submit a 48-hour report for the amount noted in 9 above, but reported the receipt on the 1990 July Quarterly Report which covered the period May 17, 1990, through June 30, 1990.

V. 1. The Edmar Corporation made a contribution, in the form of loans, to the Chandler for Congress Committee in violation of 2 U.S.C. § 441b(a) and the Chandler for Congress

Committee accepted a contribution, in the form of loans, from the Edmar Corporation in violation of 2 U.S.C. § 441b(a).

2. Respondents Chandler for Congress Committee failed to file a 48-hour report in violation of 2 U.S.C. § 434(a)(6).

3. Respondents contend that they were unaware that loans made to a political committee from an "S" corporation, which is owned in part by a Federal candidate, would violate 2 U.S.C. § 441b, and that when notified that the loans at issue in this matter were impermissible, they took steps to correct the violation.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of seventeen thousand five hundred dollars (\$17,500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and



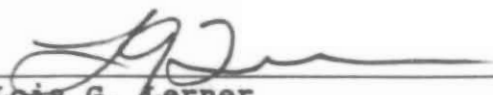
implement the requirements contained in this agreement and to so notify the Commission.

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:

Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

Date

4/7/93

FOR THE RESPONDENTS:

  
Lyn Utrecht  
Manatt, Phelps & Phillips  
Attorneys for Edmar Corporation,  
Chandler for Congress Committee,  
and Ray Babinski, as Treasurer

Date

2/26/93



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3119/3368

DATE FILMED 4/21/93 CAMERA NO. 2

CAMERAMAN E.E.S.

23041193489.6



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463



Microfilm

Public Rcds

Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3119.

5/14/93

93040935314



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

UUC 8605  
FEDERAL ELECTION COMMISSION  
RECEIVED

93 MAY -3 PM 10:42

April 30, 1993

TWO WAY MEMORANDUM

TO: OGC, Docket

FROM: Philomena Brooks <sup>PB</sup>  
Accounting Technician

SUBJECT: Account Determination for Funds Received

93040935315  
We recently received a check from Oldaker, Ryan  
4/23/93, check number 008765, dated 4/23/93, and in the amount of \$17,500.00.  
Attached is a copy of the check and any correspondence that  
was forwarded. Please indicate below the account into which  
it should be deposited, and the MUR number and name.

-----  
TO: Philomena Brooks  
Accounting Technician

FROM: OGC, Docket By aa

In reference to the above check in the amount of  
\$ 17,500.00, the MUR number is 3119 and in the name of  
Philomena Brooks. The account into  
which it should be deposited is indicated below:

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

Christa Alexander  
Signature

5-3-93  
Date

**OLDAKER, RYAN & LEONARD**

ATTORNEYS AT LAW  
1112 - 16TH STREET, N.W., SUITE 500  
WASHINGTON, D.C. 20036

[202] 728-1010  
FACSIMILE: [202] 728-4044

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
MAIL ROOM

APR 30 9 55 AM '93

LYN UTRECHT  
DIRECT DIAL (202) 463-4320

April 26, 1993

Craig Douglas Reffner  
Attorney  
Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
93 MAY -3 PM 10:42

RE: MUR #3119

Dear Mr. Reffner:

Enclosed please find check numbered 008765 for the amount of \$17,500.00 for payment of civil penalties with regard to the above referenced matter.

This payment satisfies the obligation of the respondents with regard to the conciliation agreement which became effective March 23, 1993.

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

Sincerely,



Lyn Utrecht

Enclosure

93040935316

9 3 0 (400) 9 3 5 3 1 7  
CENTRAL JERSEY INDUSTRIAL PARK  
EDMAR CORPORATION  
9 E. EASY STREET  
P.O. BOX 149  
BOUND BROOK, NJ 08805

UNITED JERSEY BANK  
NORTHWEST  
ROUTE 10 - DOVER CHESTER ROAD  
RANDOLPH, NJ 07069  
55-264/212

DATE CHECK NO. AMOUNT  
04/23/93 008765 \$\*\*\*17,500.00\*

PAY SEVENTEEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS \*\*\*\*\*

TO THE  
ORDER OF FEDERAL ELECTION COMMISSI

WASHINGTON, DC

*Margaret Chandler*

⑈004887⑈ ⑆021202641⑆ 168⑈001314⑈

FEDERAL ELECTION COMMISSION

93 MAY -3 PM 10:42