



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 414





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John R. Bolton, Esquire
Covington & Burling
888 Sixteenth Street, N.W.
Washington, D.C. 20006

Re: MUR 414 (77)

Dear Mr. Bolton:

The purpose of this letter is to inform you that the Federal Election Commission has voted to close the file (MUR 414) that it had opened concerning the possibility that your client, the Republican Congressional Boosters Club ("Boosters") and the National Republican Congressional Committee might have violated the contribution limitations of 2 U.S.C. §441a(a)(2)(A) in connection with certain contributions because the two organizations were affiliated within the meaning of 2 U.S.C. §441a(a)(5).

The Commission opened MUR 414 when a routine audit of the National Republican Senatorial Committee ("NRSC") suggested that Boosters and NRSC might be affiliated. Because the issues raised in MUR 414 were similar to those in MUR 306, the Commission decided to take no action in MUR 414 pending resolution of the issues in MUR 306.

On March 9, after a consideration of the facts, Commissioner Tiernan made a motion to find reason to believe that the Republican Congressional Boosters Club and the National Republican Senatorial Committee violated the contribution limitations of 2 U.S.C. Section 441a(a)(2)(A) with respect to certain contributions because the two organizations are affiliated committees within the meaning of 2 U.S.C. Section 441a(a)(5). Commissioners Harris, Staebler, and Tiernan voted in favor of the motion; Commissioners Aikens and Thomson voted against the motion; and Commissioner Springer was not present at the time of the vote. The "Act" sets forth that the affirmative vote of four members of the Commission shall be required to



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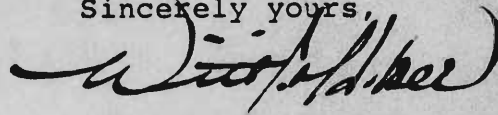
enforce the provisions of the Act. 2 U.S.C. §437c(c).

Thereupon, Commissioner Tiernan moved that the matter be closed. Voting for this motion were Commissioners Aikens, Harris, Staebler, Thomson and Tiernan. Commissioner Springer was not present at the time of the vote.

Copies of the certification of the Commission's action are enclosed for your information.

If you have any questions, please contact Randall E. Johnson, the attorney assigned to this matter, at 523-4061.

Sincerely yours,



William C. Oldaker
General Counsel

Enclosure

cc: Mr. I. Lee Potter
Executive Director
Republican Congressional Boosters Club
300 First Street S.E.
Washington, D.C. 20003

78040012332

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

National Republican)
Senatorial Committee)

Republican Congressional)
Boosters Club)

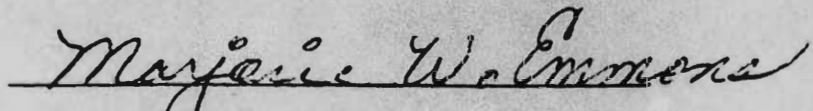
MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 9, 1978, at an Executive Session of the Federal Election Commission at which a quorum was present, the Commission determined by a vote of 5-0 to close the file in the above-captioned matter.

Voting for this determination were Commissioners Aikens, Harris, Staebler, Thomson, and Tiernan. Commissioner Springer was not present at the time of the vote.

Accordingly, the file in this matter has been closed.



Marjorie W. Emmons
Secretary to the Commission

Date: March 10, 1978

78040012333

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
National Republican)
Senatorial Committee)
)
Republican Congressional)
Boosters Club)

MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that at an Executive Session of the Federal Election Commission at which a quorum was present, the following motion before the Commission in the above-captioned matter failed to pass:

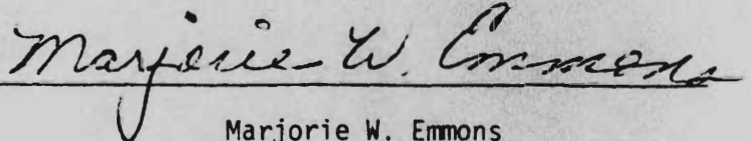
MOVED, that the Commission adopt the recommendations of the General Counsel's report on the above-captioned matter, dated March 3, 1978, to take the following actions:

1. Find reason to believe that the Republican Congressional Boosters Club and the National Republican Senatorial Committee violated the contribution limitations of 2 U.S.C. Section 441a(a)(2)(A) because they are affiliated committees within the meaning of 2 U.S.C. Section 441a(a)(5).
2. Send the draft letters attached to the General Counsel's report.

THE VOTE WAS: YEA (3) Commissioners Harris, Staebler, and Tiernan

NAY (2) Commissioners Aikens and Thomson

Commissioner Springer was not present at the time of the vote.



Marjorie W. Emmons
Secretary to the Commission.

Date: March 10, 1978

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Senator Robert W. Packwood
Chairman
National Republican Senatorial Committee
227 Massachusetts Avenue, N.E.
Washington, D.C. 20510

Re: MUR 414 (77)

Dear Senator Packwood:

The purpose of this letter is to inform you that the Federal Election Commission has voted to "close the file" (MUR 414) that it had opened concerning the possibility that your committee and the Republican Congressional Boosters Club might have violated the contribution limitations of 2 U.S.C. §441a(a)(2)(A) in connection with certain contributions because the two organizations were affiliated within the meaning of 2 U.S.C. §441a(a)(5).

MUR 414 was opened when a routine audit of your committee raised questions about NRSC's possible affiliation with Boosters. Previously, MUR 306 had been opened, pursuant to a complaint, to investigate the possible affiliation of the National Republican Congressional Committee and Boosters. Because the issues raised in the two MURs were similar, the Commission decided to take no action in MUR 414 pending resolution of the issues in MUR 306.

On March 9, after a consideration of the facts, Commissioner Tiernan made a motion to find reason to believe that the Republican Congressional Boosters Club and the National Republican Senatorial Committee violated the contribution limitations of 2 U.S.C. Section 441a(a)(2)(A) with respect to certain contributions because the two organizations are affiliated committees within the meaning of 2 U.S.C. Section 441a(a)(5). Commissioners Harris, Staebler and Tiernan voted in favor of the motion;



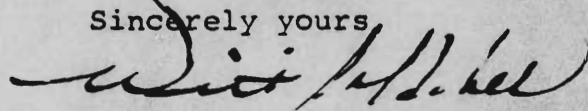
Commissioners Aikens and Thomson voted against the motion; and Commissioner Springer was not present at the time of the vote. The "Act" sets forth that the affirmative vote of four members of the Commission shall be required to enforce the provisions of the Act. 2 U.S.C. §437c(c).

Thereupon, Commissioner Tiernan then moved that the matter be closed. Voting for this motion were Commissioners Aikens, Harris Staebler, Thomson and Tiernan. Commissioner Springer was not present at the time of the vote.

Copies of the certification of the Commission's action are enclosed for your information.

If you have any questions, please contact Randall E. Johnson, the attorney assigned to this matter, at 523-4061.

Sincerely yours,



William C. Oldaker
General Counsel

Enclosure

78040012336

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

National Republican)
Senatorial Committee)

Republican Congressional)
Boosters Club)

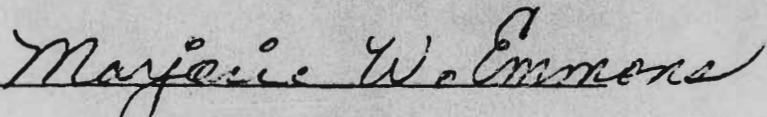
MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 9, 1978, at an Executive Session of the Federal Election Commission at which a quorum was present, the Commission determined by a vote of 5-0 to close the file in the above-captioned matter.

Voting for this determination were Commissioners Aikens, Harris, Staebler, Thomson, and Tiernan. Commissioner Springer was not present at the time of the vote.

Accordingly, the file in this matter has been closed.


Marjorie W. Emmons
Secretary to the Commission

Date: March 10, 1978

78040012337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

National Republican)
Senatorial Committee)

Republican Congressional)
Boosters Club)

MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that at an Executive Session of the Federal Election Commission at which a quorum was present, the following motion before the Commission in the above-captioned matter failed to pass:

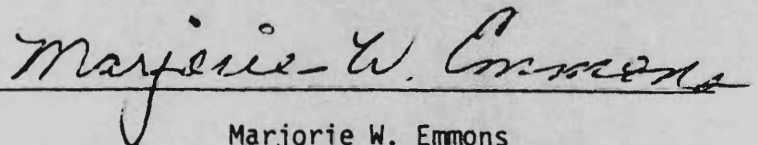
MOVED, that the Commission adopt the recommendations of the General Counsel's report on the above-captioned matter, dated March 3, 1978, to take the following actions:

1. Find reason to believe that the Republican Congressional Boosters Club and the National Republican Senatorial Committee violated the contribution limitations of 2 U.S.C. Section 441a(a)(2)(A) because they are affiliated committees within the meaning of 2 U.S.C. Section 441a(a)(5).
2. Send the draft letters attached to the General Counsel's report.

THE VOTE WAS: YEA (3) Commissioners Harris, Staebler, and Tiernan

NAY (2) Commissioners Aikens and Thomson

Commissioner Springer was not present at the time of the vote.



Marjorie W. Emmons
Secretary to the Commission.

Date: March 10, 1978

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
National Republican)
 Senatorial Committee)
Republican Congressional)
 Boosters Club)

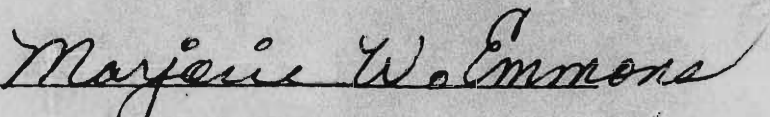
MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on March 9, 1978, at an Executive Session of the Federal Election Commission at which a quorum was present, the Commission determined by a vote of 5-0 to close the file in the above-captioned matter.

Voting for this determination were Commissioners Aikens, Harris, Staebler, Thomson, and Tiernan. Commissioner Springer was not present at the time of the vote.

Accordingly, the file in this matter has been closed.


Marjorie W. Emmons
Secretary to the Commission

Date: March 10, 1978

78040012339

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
National Republican)
Senatorial Committee)
Republican Congressional)
Boosters Club)

MUR 414 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that at an Executive Session of the Federal Election Commission at which a quorum was present, the following motion before the Commission in the above-captioned matter failed to pass:

MOVED, that the Commission adopt the recommendations of the General Counsel's report on the above-captioned matter, dated March 3, 1978, to take the following actions:

1. Find reason to believe that the Republican Congressional Boosters Club and the National Republican Senatorial Committee violated the contribution limitations of 2 U.S.C. Section 441a(a)(2)(A) because they are affiliated committees within the meaning of 2 U.S.C. Section 441a(a)(5).
2. Send the draft letters attached to the General Counsel's report.

THE VOTE WAS: YEA (3) Commissioners Harris, Staebler, and Tiernan

NAY (2) Commissioners Aikens and Thomson

Commissioner Springer was not present at the time of the vote.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Date: March 10, 1978

78040012340

BEFORE THE FEDERAL ELECTION COMMISSION

February 14, 1978

In the Matter of)
) MUR 414(77)
National Republican)
Senatorial Committee)
)
Republican Congressional)
Boosters Club)

GENERAL COUNSEL'S REPORT

I. Allegations

An audit of the Republican Congressional Boosters Club (Boosters) disclosed information suggesting that Boosters may be affiliated with the National Republican Senatorial Committee (NRSC). If affiliated, these committees appear to have violated the contribution limitations of 2 U.S.C. §441a with regard to certain U.S. Senate candidates. See Attachment I. No finding has been made by the Commission in this matter. The issues here are related to those in MUR 306.

II. Evidence

The audit revealed that in 1975 Boosters was reimbursed for one-third of its operating expenses by NRSC.

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Boosters allocated one-third of its contributions to Senate candidates through the 1974 elections (Boosters responses in MUR 306).

In their statements of organization, these committees acknowledged affiliation with each other from 1972 until-March 11, 1976.¹

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From 1972-1974, the Senate and House Minority Leaders served on the Executive Committee of Boosters. In 1975, the Minority Whips in the Senate also served on Boosters Executive Committee. Prior to 1975, the Chairman and the Executive Director of NRSC served on Boosters Executive Committee. The Senate and House Minority Leaders and Whips continue to serve on Boosters Executive Committee; however, the Chairman and Executive Director of the NRSC do not.

Prior to 1975, written recommendations were made by NRSC suggesting particular candidates to whom Boosters should contribute and in what amount. The recommendations have not been made since "those relat-

¹ We have been unable to locate an amended statement of organization filed by NRSC deleting Boosters as an "affiliated" committee. We do not view this as significant since Boosters has declared its intention not to be affiliated with NRSC.

ing to the general election of 1974." (I. Lee Potter's October 27, 1977 response to question 3 in MUR 306). These recommendations were usually acted upon favorably by Boosters.

Upon its decision to terminate affiliation with NRSC, Boosters relocated its office in January 1976, moving from the former Congressional Hotel where NRSC was located.

An annual fundraising dinner sponsored by the National Republican Congressional Committee (NRCC), NRSC and RNC was held in 1974, 1975, 1976 and 1977.² In 1976 and 1977, Boosters was also a sponsor of the dinner. In 1976, the Republican Senate-House Dinner '76 (1976 Dinner Committee) committee was created as the vehicle for receipt of contributions. The reports of receipts and expenditures filed by the 1976 Dinner Committee list no expenditures for operating expenses. The July 10, 1976 report shows the following distribution of the receipts:

²

RNC was not a sponsor of the 1976 dinner.

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NRSC	4-22-76	\$ 5,000.00
	5-13-76	100,000.00
	6-22-76	112,434.02
NRCC	5-5-76	77,993.88
	6-18-76	12,252.44
BOOSTERS	5-4-76	<u>150,000.00</u>
TOTAL		\$457,680.34

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The proceeds from this dinner and interest income on surplus funds provided the bulk of Boosters' 1976 operating expenses of approximately \$170,000.³

Most of the expenses for the 1976 dinner were initially paid by NRSC and later reimbursed by the Dinner Committee (See Attachment I to Stockmeyer Affidavit in MUR 306 dated November 2, 1977).⁴

On May 19, 1977, the RNC, Boosters, NRCC and NRSC held a joint fundraising dinner. The 1977 dinner committee filed a statement of organization under the name "A Tribute to Gerald R. Ford" (1977 Dinner Committee). The 1977 Dinner Committee

³ Boosters borrowed \$40,000 from NRCC in January 1976 and repaid it on May 11, 1976, out of the dinner proceeds.

⁴ The reports of receipts and expenditures filed by the 1976 Dinner Committee do not reflect any direct expenses having been paid out of its depository, other than expense reimbursements to the sponsors.

received contributions and paid expenses associated with the dinner from its account. The proceeds were distributed as follows on July 29, 1977:

Boosters	\$145,300.23	21.3025%
NRCC	178,926.81	26.2325%
NRSC	178,926.82	26.2325%
RNC	<u>178,926.82</u>	26.2325%
Total	\$682,080.68	

A reserve of \$10,000 was held for outstanding bills (See Attachment 4 to Stockmeyer Affidavit in MUR 306 dated November 2, 1977).

The joint sponsors determined the "basic formula" for division of the proceeds prior to the 1977 dinner. The Boosters' share was calculated to provide it with operating costs for a year following the dinner (See Potter response in MUR 306 to Question 7h, dated October 27, 1977). After the Boosters' share was determined, the remainder was distributed in equal parts to the other three sponsors.

Unlike the arrangement in 1976, the receipts and expenses for the 1977 dinner were handled through the

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Dinner Committee account. The payment to Boosters, according to the Dinner Committee's report of receipts and expenditures for the 3rd quarter of 1977, was \$145,300.23 (with \$10,000 balance remaining in the account). Boosters' share represented 21.3025% of the net proceeds with the remaining 78.6975% equally divided among the NRCC, NRSC and RNC.

For the purpose of comparison, we reviewed the 1974 and 1975 dinner arrangements when Boosters was not a sponsor. In 1974, the sponsors divided the proceeds equally (See Exhibit I to MUR 306 G.C. Report). No dinner committee was registered in 1975, but a review of the sponsor's reports seems to indicate that the RNC was the recipient of the contributions and made distributions to the other sponsors.⁵ Since these transfers were not reported as ticket sales and collections, but transfers between committees, we are unable to determine the proportionate share received

5

In 1974, 1975 and 1976, one of the sponsors served as the oversight committee for the dinner having responsibility for paying the bills and, we presume, the contracting for services, etc. These oversight responsibilities, however, did not entitle these committees in 1974 and 1976 to a greater share of the proceeds. Boosters has not served as the oversight committee.

by each sponsor.

A review of the public records for 1976 was made to determine the candidates supported by both NRSC and Boosters. NRSC supported 59 candidates in 1976. Boosters made contributions to 20 of those 59 candidates in the amount of \$5,000 each. Boosters supported approximately one-third of the same candidates as NRSC but the total amount contributed by Boosters is less than 10% of the sum it had available for distribution to candidates. For 12 candidates supported by Boosters and NRSC, the combined contributions exceeded \$17,500 during the calendar year.

III. Analysis

A. Effect of Attempt to Terminate Affiliation

The first issue is whether committees which voluntarily "affiliate" with each other may ever terminate such affiliation. The statements of organization filed by Boosters and NRSC from 1972 through early 1976 reflect a voluntary decision to affiliate themselves, presumably for their mutual benefit. By Boosters' own admission, NRCC and NRSC paid all of its operating expenses until February 1976; thus,

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Boosters was able to use all of its donations for direct contributions to candidates.

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The amount of "good will"⁶ which Boosters has been able to build up as a result of its association with the campaign committees, however, is difficult if not impossible to measure in dollars and cents. We do not see how a standard can be framed whereby political committees can terminate their affiliation and be placed in their status quo position so as to avoid the continuing elements of establishment, control, maintenance and financing. Therefore, it is the General Counsel's opinion that once affiliated, political committees cannot terminate their affiliation.

B. Indices of Affiliation Since 1976

Further, even if it may be possible for affiliated committees to terminate affiliation, the facts here indicate that the committees are still

⁶In the context of business law, "good will" is an intangible asset which is an element responsible for profits excluding physical property. It is a saleable asset which may be a very valuable part of a business.

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affiliated. Despite the actions which Boosters and NRSC took to avoid the appearance of affiliation -- since early 1976 Boosters obtained office space in another building and began paying its own operating expenses, members of NRSC no longer serve on the Executive Committee of Boosters, Boosters no longer receives recommendations from NRSC as to whom it should contribute--their continuing involvement with each other through an annual fundraising dinner appears to be a mere facade for the previous direct funding of Boosters. The method for determining Boosters' share of the proceeds in 1976 and 1977 were based upon providing Boosters with its operating budget.

Boosters was asked in MUR 306 when the decision was made as to the proportionate share of the 1977 dinner proceeds to be shared by each sponsor. Mr. Potter, Executive Director on behalf of Boosters, stated that the "allocation formula was agreed upon by the four committees . . . before the dinner was held." (emphasis added.) He goes on to explain that Boosters' share was "calculated to provide it with its operating costs" for a year, which happened to be 21.3025% of the net proceeds. The NRSC, NRCC and RNC

then shared equally the remaining funds.

We submit that the dinner arrangements were intended to provide the same support for Boosters after January 1976 as the direct funding it received before that date. The "maintenance" or "financing" which Boosters received from the campaign committees prior to 1976 is now being continued through the device of an annual fundraiser where the determination of Boosters' share is made after the event, based upon a "formula" which just happens to be Boosters' operating budget for the upcoming year.

A result consistent with the purpose of the Act to limit contributions by groups of persons controlled, established, maintained or financed by another group requires that Boosters and NRSC be considered to be affiliated, despite Boosters' amendment to its statement of organization and other actions by each of them designed to avoid the appearance of affiliation.

2 U.S.C. §441a; House Conference Report No. 93-1438, p. 51; AO 1975-45; AO 1975-32; AO 1975-44.

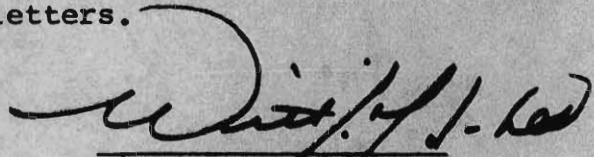
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IV. Recommendations

1. Find reason to believe that Boosters and NRSC violated the contribution limitations of 2 U.S.C. §441a(a)(2)(A) because they are affiliated committees within the meaning of 2 U.S.C. §441a(a)(5).

2. Send attached letters.

3/3/78
Date


William C. Oldaker
General Counsel

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<u>Name</u>	<u>Date</u>	<u>RCBC</u>	<u>NRSC</u>	<u>Aggregate</u>
1. Chafee for Senate	9-8-76	\$5,000		
	9-27-76		\$7,500	
	10-22-76		3,000	
	10-28-76		4,000	
				\$19,500
2. Danforth for Senate	4-6-76		\$5,000	
	8-5-76		5,000	
	8-9-76	5,000		
	10-22-76		2,500	
	10-28-76		2,500	
	11-2-76		2,500	
				\$22,500
3. Esch in '76	8-5-76		\$10,000	
	8-30-76	5,000		
	10-22-76		2,500	
	10-28-76		5,000	
				\$22,500

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- 2 -

Name	Date	RCBC	NRSC	Aggregate
4. Hatch for Senate	8-10-76		\$ 3,000	
	9-29-76	5,000		
	10-22-76		7,500	
	10-28-76		4,000	
				\$19,500
5. Hayakawa for U.S. Senate	6-4-76		\$5,000	
	6-8-76		2,000	
	6-20-76		5,000	
	8-4-76	\$5,000		
	10-20-76		3,000	
	10-22-76		2,000	
				\$22,000
6. John Heinz for Senate	4-8-76		\$ 5,000	
	5-23-76		5,000	
	8-4-76	\$5,000		
	10-22-76		2,500	
	10-28-76		2,500	
	11-2-76		2,500	
				\$22,500

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- 3 -

Name	Date	RCBC	NRSC	Aggregate
7. Bill Quinn for Senate	5-6-76		\$ 5,000	
	8-9-76		5,000	
	9-8-76	\$5,000		
	10-22-76		4,500	\$19,500
8. Friends for Dick Lugar	5-4-76		\$ 5,000	
	5-5-76		5,000	
	8-4-76	5,000		
	10-22-76		2,500	
	10-28-76		2,000	\$19,500
9. Harrison Schmitt	11-14-75		\$ 5,000	
	8-4-76	5,000		
	8-9-76		5,000	
	10-22-76		2,500	
	10-28-76		2,000	\$19,500

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- 4 -

Name	Date	RCBC	NRSC	Aggregate
10. Steelman for Senate	12-9-75		\$ 5,000	
	4-29-76		5,000	
	7-14-76	\$5,000		
	10-22-76		4,000	
	10-28-76		3,500	
				\$22,500
11. Steiger for Senate Committee	9-9-76		\$10,000	
	9-15-76	5,000		
	10-22-76		5,000	
	10-28-76		2,500	
				\$22,500
12. Malcolm Wallop for U.S. Senate	5-19-76		\$ 5,000	
	8-9-76		5,000	
	9-8-76	5,000		
	10-19-76		2,500	
	10-22-76		2,000	
				\$19,500

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John R. Bolton, Esquire
Covington & Burling
888 Sixteenth Street N.W.
Washington, D.C. 20006

Re: MUR 414(77)

Dear Mr. Bolton:

On 1978, the Commission found reason to believe that your client, the Republican Congressional Boosters Club (Boosters), violated the contribution limitations of 2 U.S.C. §441a(a) (2)(A) with respect to the political committees listed on the attached page because it is affiliated with the National Republican Senatorial Committee (NRSC) within the meaning of 2 U.S.C. §441a(a) (5). A review of documents on the public record, the information obtained in MUR 306, as well as the findings from the Commission audit of Boosters' books and records, revealed a long history of association, support and joint activities between Boosters and NRSC. The Commission, though aware of Boosters' amendment to its statement of organization to remove NRSC as an affiliated committee, has determined that such action is not effective to terminate affiliation.

Under 2 U.S.C. §437g(a) (4), your client has a reasonable opportunity to demonstrate that no further action should be taken. Please submit any factual or legal materials which you deem relevant to the inves-



tigation of this matter. Where appropriate, statements should be submitted under oath by persons with knowledge of the matters herein. Your response is requested within ten days of receipt of this letter.

This matter has been numbered MUR 414(77) and should be referred to in any further correspondence. If you have any questions, please contact Gloria R. Sulton, the attorney assigned to this matter, at 202-523-4057.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

Sincerely,

William C. Oldaker
General Counsel

Attachment

78040042357



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Rodney A. Smith
Treasurer
National Republican Senatorial
Committee
227 Massachusetts Avenue N.E.
Washington, DC 20510

Re: MUR 414(77)

Dear Mr. Smith:

On 1978, the Commission found reason to believe that the National Republican Senatorial Committee (NRSC) violated the contribution limitations of 2 U.S.C. §441a(a)(2)(A) with respect to the political committees listed on the attached page because it is affiliated with the Republican Congressional Boosters Club (Boosters) within the meaning of 2 U.S.C. §441a(a)(5). A review of documents on the public record as well as the findings from the Commission audit of Boosters' books and records, revealed a long history of association and joint activities between your committee and Boosters. The Commission, though aware of the amendment by Boosters to its statement of organization to remove NRSC as an affiliated committee, has determined that such action is not effective to terminate affiliation.

To assist the Commission in its investigation of this matter, you are asked to respond to the attached questions within ten days after receipt.



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Under 2 U.S.C. §437g(a)(4), you have a reasonable opportunity to demonstrate that no further action should be taken. Please submit any additional factual or legal materials which you deem relevant to this investigation. Where appropriate, statements and answers should be submitted under oath by persons with knowledge of the matters herein.

This matter has been numbered MUR 414(77) and should be referred to in any further correspondence. If you have any questions, please contact Gloria R. Sulton, the attorney assigned to this matter, at 202-523-4057.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Attachments

78040012359

QUESTIONS

TO : National Republican Senatorial Committee

1. When was NRSC organized? By whom?
2. Is NRSC governed by Articles of Association or by-laws? If so, please supply a copy.
3. Give the name of the officers of NRSC and members of its governing board or executive committee.
4. Describe in detail the relationship between NRSC and Boosters, including, but not limited to:
 - a. Whether Boosters was established or authorized by NRSC; if so, please give date and circumstance surrounding Boosters' creation.
 - b. Whether directors, officers or members of NRSC served on Boosters' committee in any capacity, or vice versa.

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c. Whether your committees shared office space, personnel, supplies, machinery, mailing lists or other facilities since 1972.

d. The procedures employed by NRSC to make recommendations to Boosters for candidates to support, including the identity of the person making the recommendation on behalf of NRSC. If in writing, please enclose a representative sample of the letters or memoranda transmitted to Boosters.

5. Please answer the following questions with respect to the annual fundraising dinners held in 1974, 1975, 1976 and 1977 and sponsored by NRSC, NRCC and/or the RNC and Boosters:

a. The committee(s) and/or person(s) having oversight responsibilities for printing of invitations, mailing of invitations, and receipt of contributions and/or payment of expenses.

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- b. The proportion of the total expenses (i.e., food, hotel, postage, salaries) for each dinner borne by NRSC.
- c. The proportion of the net proceeds of each dinner received by NRSC.
- d. The total amount of money expended by NRSC to pay its proportionate share of the expenses of each dinner.
- e. The total amount of the net proceeds received by NRSC as its proportionate share from each dinner.
- f. The persons/committees that made the determination as to the amount of the proceeds to be shared by each sponsor.
- g. The date the determination was made regarding the proportionate share of the proceeds of each dinner to be shared by each sponsor.

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h. Whether donors were informed as to the proportionate share of the contributions to be received by each sponsor. If so, when and by what method, i.e., mail, telegram, telephone? Please provide a copy of any such notification, if in writing.

6. With respect to the 1977 annual fundraising dinner ("A Tribute to Gerald R. Ford"), please answer the following:

a. Was there a written agreement setting forth the proportionate share of proceeds to be received by each sponsor of the fundraiser? If so, please provide a copy.

b. What was the basis for allocating 21.3% of the proceeds of the dinner to Boosters?

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Rodney A. Smith
Treasurer
National Republican Senatorial
Committee
227 Massachusetts Avenue N.E.
Washington, DC 20510

Re: MUR 414(77)

Dear Mr. Smith:

On 1978, the Commission found reason to believe that the National Republican Senatorial Committee (NRSC) violated the contribution limitations of 2 U.S.C. §441a(a)(2)(A) with respect to the political committees listed on the attached page because it is affiliated with the Republican Congressional Boosters Club (Boosters) within the meaning of 2 U.S.C. §441a(a)(5). A review of documents on the public record as well as the findings from the Commission audit of Boosters' books and records, revealed a long history of association and joint activities between your committee and Boosters. The Commission, though aware of the amendment by Boosters to its statement of organization to remove NRSC as an affiliated committee, has determined that such action is not effective to terminate affiliation.

To assist the Commission in its investigation of this matter, you are asked to respond to the attached questions within ten days after receipt.



Under 2 U.S.C. §437g(a)(4), you have a reasonable opportunity to demonstrate that no further action should be taken. Please submit any additional factual or legal materials which you deem relevant to this investigation. Where appropriate, statements and answers should be submitted under oath by persons with knowledge of the matters herein.

This matter has been numbered MUR 414(77) and should be referred to in any further correspondence. If you have any questions, please contact Gloria R. Sulton, the attorney assigned to this matter, at 202-523-4057.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Attachments

780400012365

QUESTIONS

TO : National Republican Senatorial Committee

1. When was NRSC organized? By whom?
2. Is NRSC governed by Articles of Association or by-laws? If so, please supply a copy.
3. Give the name of the officers of NRSC and members of its governing board or executive committee.
4. Describe in detail the relationship between NRSC and Boosters, including, but not limited to:
 - a. Whether Boosters was established or authorized by NRSC; if so, please give date and circumstance surrounding Boosters' creation.
 - b. Whether directors, officers or members of NRSC served on Boosters' committee in any capacity, or vice versa.

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c. Whether your committees shared office space, personnel, supplies, machinery, mailing lists or other facilities since 1972.

d. The procedures employed by NRSC to make recommendations to Boosters for candidates to support, including the identity of the person making the recommendation on behalf of NRSC. If in writing, please enclose a representative sample of the letters or memoranda transmitted to Boosters.

5. Please answer the following questions with respect to the annual fundraising dinners held in 1974, 1975, 1976 and 1977 and sponsored by NRSC, NRCC and/or the RNC and Boosters:

a. The committee(s) and/or person(s) having oversight responsibilities for printing of invitations, mailing of invitations, and receipt of contributions and/or payment of expenses.

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- b. The proportion of the total expenses (i.e., food, hotel, postage, salaries) for each dinner borne by NRSC.
- c. The proportion of the net proceeds of each dinner received by NRSC.
- d. The total amount of money expended by NRSC to pay its proportionate share of the expenses of each dinner.
- e. The total amount of the net proceeds received by NRSC as its proportionate share from each dinner.
- f. The persons/committees that made the determination as to the amount of the proceeds to be shared by each sponsor.
- g. The date the determination was made regarding the proportionate share of the proceeds of each dinner to be shared by each sponsor.

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h. Whether donors were informed as to the proportionate share of the contributions to be received by each sponsor. If so, when and by what method, i.e., mail, telegram, telephone? Please provide a copy of any such notification, if in writing.

6. With respect to the 1977 annual fundraising dinner ("A Tribute to Gerald R. Ford"), please answer the following:

a. Was there a written agreement setting forth the proportionate share of proceeds to be received by each sponsor of the fundraiser? If so, please provide a copy.

b. What was the basis for allocating 21.3% of the proceeds of the dinner to Boosters?

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John R. Bolton, Esquire
Covington & Burling
888 Sixteenth Street N.W.
Washington, D.C. 20006

Re: MUR 414(77)

Dear Mr. Bolton:

On 1978, the Commission found reason to believe that your client, the Republican Congressional Boosters Club (Boosters), violated the contribution limitations of 2 U.S.C. §441a(a) (2)(A) with respect to the political committees listed on the attached page because it is affiliated with the National Republican Senatorial Committee (NRSC) within the meaning of 2 U.S.C. §441a(a) (5). A review of documents on the public record, the information obtained in MUR 306, as well as the findings from the Commission audit of Boosters' books and records, revealed a long history of association, support and joint activities between Boosters and NRSC. The Commission, though aware of Boosters' amendment to its statement of organization to remove NRSC as an affiliated committee, has determined that such action is not effective to terminate affiliation.

Under 2 U.S.C. §437g(a) (4), your client has a reasonable opportunity to demonstrate that no further action should be taken. Please submit any factual or legal materials which you deem relevant to the inves-



tigation of this matter. Where appropriate, statements should be submitted under oath by persons with knowledge of the matters herein. Your response is requested within ten days of receipt of this letter.

This matter has been numbered MUR 414(77) and should be referred to in any further correspondence. If you have any questions, please contact Gloria R. Sulton, the attorney assigned to this matter, at 202-523-4057.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

Sincerely,

William C. Oldaker
General Counsel

Attachment

78040042371



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 27, 1977

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS
SUBJECT: MUR 414 (77) *mwe*

The above-mentioned document was transmitted to the Commissioners on July 26, 1977 at 11:30 a.m.

As of 1:00 p.m., July 27, 1977, no objections have been recieved to the summary of allegation and preliminary legal analysis made by the staff on MUR 414 (77).



July 26, 1977

MEMORANDUM TO: Marjorie Eames
FROM: Elissa T. Carr
SUBJECT: MUR 414 (77)

Please distribute the attached 48 hour report on
a 36 hour no-objection basis.

Thank you.

78040042373

FEDERAL ELECTION COMMISSION
Washington, D. C.

48 HOUR GENERAL COUNSEL REPORT

MUR NO. 414 (77)

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION _____

DATE COMPLAINT RECEIVED
BY OGC June 1, 1977

ATTORNEY Sulton

Complainant's Name: Internally Generated

Respondent's Name: National Republican Senatorial Committee (NRSC)

Relevant Statute: 2 U.S.C. §441a(a)(5)

Internal Reports Checked: Yes Federal Agencies Checked No

SUMMARY OF ALLEGATION

3 An audit of the Republican Congressional Boosters Club ("Boosters") uncovered information suggesting that Boosters may be affiliated with the National Republican Senatorial Committee, ("NRSC"). During 1975 Boosters was reimbursed for its operating expenses by the NRSC and was clearly affiliated with the NRSC. Just prior to enactment of the May 1976 Amendments to the Act, Boosters filed an amended statement of organization listing no affiliated committees. Nevertheless, it appears that Boosters' operating expenses during 1976-77 were from proceeds of the Senate House Dinner '76, which was sponsored by the NRSC

PRELIMINARY LEGAL ANALYSIS (See Continuation Sheet)

4 This case is related to MUR 306 which deals with affiliation between Boosters and the National Republican Congressional Committee. The resolution of the issue in MUR 306 will determine the outcome in this case because the operations of the NRCC and NRSC with respect to Boosters were almost identical. We are awaiting further response to questions in MUR 306 and expect to make a recommendation shortly. A consolidated report will be prepared for both cases.

RECOMMENDATION

None

Date of Next Commission Review:

CONTINUATION SHEET
MUR 414 (77)

SUMMARY OF ALLEGATION

as well as the Republican National Committee, and the
National Republican Congressional Committee ("NRCC").

If the Boosters and the NRSC are affiliated, the committees
may have violated the contribution limitations of
2 U.S.C. §441a(a) by contributing in excess of \$5,000
to certain candidates for the United States Senate.

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FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463Gloria Salton
MUR 414

MEMORANDUM

TO: DAN SWILLINGER

THROUGH:

RK BOB COSTA/JOE STOLTZ JPS

FROM:

RAY LISI RL

DATE:

June 1, 1977

During an audit of the Republican Congressional Boosters Club (the Committee) two matters were raised concerning the activity of the Committee.

The first matter concerns the source of funds used to pay the Committee's operating expenses. The Committee operates under the principle that no portion of any contribution received be used to pay operating expenses. During 1975, the Committee was affiliated with the National Republican Congressional Committee and the National Republican Senatorial Committee. The Congressional Committee paid all operating costs of the Boosters Club during 1975 and was subsequently reimbursed by the Senatorial Committee for one third of these expenses. Just prior to the enactment of the May 1976 Amendments to the Statute, setting one contribution limit for affiliated committees, the Boosters Club filed an amended statement of organization listing no affiliated committees. The Congressional and Senatorial Committees last paid the costs of the Boosters Club in January 1976. For February through April, 1976, the expenses of the Boosters Club were covered by a \$40,000 loan from the Congressional Committee made on January 29, 1976, and repaid on May 6, 1976.

The operating budget for the Boosters Club for the remainder of 1976 and the first part of 1977 was generated from the proceeds of the Senate House Dinner '76. The Senate House Dinner '76 was the annual fundraiser sponsored by the Republican National Committee, the National Republican Congressional Committee, the National Republican Senatorial

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OFFICE OF GENERAL COUNSEL

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Committee, and the Republican Congressional Boosters Club. All expenses for the dinner were paid by the Senatorial Committee. The Boosters Club paid none of the expenses but received its operating budget from the proceeds from which it repaid the \$40,000 loan from the Congressional Committee. This procedure is being followed again in 1977 through the "Tribute to Jerry Ford Dinner". In this case, the costs of the dinner are being paid by the Congressional Committee. The costs of these fundraisers are paid on a rotating basis by the Committees participating with the exception of the Boosters Club.

It is the opinion of the audit team that the source of funds used to pay the operating expenses of the Boosters Club for 1976 and 1977 does not significantly differ from 1975 when the Committees were affiliated.

The Commission currently has before it a matter under review (MUR 306) alleging affiliation between the Boosters Club and the Congressional Committees. Based on the information presented above, the scope of the MUR could be expanded to include the Senatorial Committee and the Republican National Committee.

The second matter concerns services being provided the Committee by an employee of the Union First National Bank of Washington.

The Committee Treasurer, Mr. Charles Daniel, (who is also the President of Union First National Bank) has appointed Ms. June Dean, an Assistant Vice President of the bank, to maintain two Committee checking accounts and savings accounts as a part of her regular duties at the bank. Ms. Dean makes deposits to the accounts, prepares and signs checks from the accounts, prepares letters to accompany contributions to candidates, and reconciles the bank statements at the end of each month. Ms. Dean also arranges for the purchase of certificates of deposit for the Committee and other transfers between the accounts. The Committee pays no fee for these services; nor is it required to maintain a compensating balance in any of its accounts. All of the services are provided during regular working hours and Ms. Dean is not compensated by the Committee.

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It is the opinion of the audit team that these services clearly constitute a contribution in kind from Union First National Bank to the Committee. We recommend that the Committee discontinue the arrangement or reimburse the bank for the reasonable cost of the services provided by Ms. Dean. In any case the bank should be reimbursed by the Committee for the services provided by Ms. Dean in the past.

We would appreciate your comments on both matters raised above, and are willing to discuss each at your convenience.

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OFFICE OF GENERAL COUNSEL



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR #

414

