FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4172

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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January 10, 1995

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: REFERRAL MATTERS - CLINTON FOR PRESIDENT COMMITTEE

Attached please find sections of the Final Audit Report on the Clinton for President Committee which was released to the public on December 29, 1994. These matters are being referred to your Office for possible compliance action. The matters referred include Finding II.C., Disclosure of Occupation and Name of Employer; Finding II.D., Itemization of Refunds and Rebates; Finding II.E., Apparent Excessive Contributions from Staff and Other Individuals; and Finding II.F., Contributions, Extensions of Credit by Commercial Vendors, and Use of Corporate Facilities.

Although referred for your consideration, in the opinion of the Audit Division, pursuing as compliance matters Finding II.C., Disclosure of Occupation and Name of Employer and Finding II.D., Itemization of Refunds and Rebates may not represent the most efficient use of Commission resources. In both cases the public record has been corrected. The amended reports for occupation and name of employer were filed in 1993; however, the audit report concludes that the Committee's initial solicitations did not always meet the best efforts standard. In the case of refunds and rebates, the amended reports were not filed until after the response period for the Interim Audit Report had expired.

Should you have any questions please contact Joe Stoltz, Russ Bruner, or Leroy Clay at 219-3720.

Attachment as stated

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C. Disclosure of Occupation and Name of Employer

Section 434(b)(3)(A) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year together with the date and amount of any such contribution.

Section 431(13)(A) of Title 2 of the United States Code states that the term "identification" means in the case of any individual, the name, the mailing address, and occupation of such individual, as well as the name of his or her employer.

Section 104.7(a) and (b) of Title 11 of the Code of Federal Regulations states in part that when the treasurer of a political committee shows that best efforts have been used to obtain, maintain and submit the information required by the Act for the political committee, any report of such committee shall be considered in compliance with the Act. With regard to reporting the identification of each person whose contribution(s) to the committee and its affiliated committees aggregate in excess of $200 in a calendar year, the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor. For purposes of 11 CFR §104.7(b), such effort shall consist of a clear request for the information (i.e., name, mailing address, occupation, and name of employer) which request informs the contributor that the reporting of such information is required by law.

Contributions were tested on a sample basis to determine if the occupation and name of employer had been reported; and if not, if best efforts to obtain, maintain and submit the information were demonstrated. Of the items tested in the sample that required occupation and name of employer, 49% did not have the required information. Further, the solicitations that could be associated with the contributions did not meet the best efforts standard of 11 CFR §104.7(b). On July 1, 1992, the Committee received a letter from the Commission that pointed out the Committee's obligation to disclose the full identification of contributors who donate, in the aggregate, more than $200 or exercise its best efforts to secure such information. In addition, the Commission's Reports Analysis Division sent the Committee several requests for amended disclosure reports that would supply the missing information.

In response to the notices from the Commission, the Committee stated that it intends to request this information in writing from its contributors. During audit fieldwork the Committee stated that the mailing consisted of approximately 17,000 pieces and was sent in November, 1992. A copy of the mailing was provided and included a notice informing the contributor that the requested information is required by law. The items considered as errors in the sample analysis were compared to the listing of the individuals who reportedly received the follow-up mailing. Nearly all of the contributors associated with identified sample errors were found on the listing. Finally, a comparison of the sample contributions to the amended disclosure reports submitted in July of 1993 revealed that the Committee had provided additional information.

In the Interim Audit Report the Audit staff recommended no further action in regard to this matter.

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The Committee states in its response to the Interim Audit Report that it "disagrees with this finding." It is stated further that "best efforts was satisfied prior to the November 1992, mailing. All of the Committee's solicitations included contributor cards requesting complete contributor information in compliance with the applicable language in 11 C.F.R. §104.7." The Committee contends that "[U]nder the regulations in effect in 1991, to 1993, the Committee satisfied the 'best efforts' requirement if it made one written request per solicitation. Since all Committee solicitations were accompanied by contributor cards requesting this information, the Committee's solicitations fully satisfied this requirement."

The Committee is incorrect in its statement that "All" of its solicitations requested "complete contributor information in compliance with the applicable language in 11 C.F.R. §104.7." Several of the Committee's solicitations obtained during audit fieldwork did not request the name of employer, or state that the reporting of such information is required by law. One Committee solicitation contained no request for occupation or name of employer. In addition, the Committee is erroneous in the assumption that the Interim Audit Report concludes that best efforts was demonstrated by the Committee with the November, 1992 mailing. The Interim Audit Report only acknowledges that the mailing was done and that additional information was provided by the Committee in amended reports filed on July 2, 1993.

D. Itemization of Refunds and Rebates

Section 434(b)(3)(F) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt.

Section 431(13)(B) of Title 2 of the United States Code states in part that in this Act the term "identification" means in the case of any other person the full name and address of such person.

The Committee received in excess of $2.5 million in reimbursements from the press and the Secret Service for travel. World Wide Travel acted as an agent for the Committee by receiving reimbursements for travel from the various press organizations and the Secret Service, depositing these receipts in an escrow account and ultimately transferring the proceeds, net of any fees charged, to the Committee's operating account. The reimbursements were itemized on Committee disclosure reports as being from World Wide Travel which does not accurately disclose the identification of the person who made the refund pursuant to 2 U.S.C. §434(b)(3)(F). The amended disclosure reports provided no additional information with respect to press and Secret Service reimbursements.

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Further the Committee failed to itemize refunds and rebates (unrelated to press and Secret Service reimbursements received through World Wide Travel) totaling $11,898 in its January, 1992 report. These transactions were included on the July 2, 1993 amended disclosure reports discussed previously.

At the exit conference the Committee stated that it had received advice from the Commission that press and Secret Service refunds for travel were not required to be itemized individually in the Schedule A-P.

In the Interim Audit Report it was recommended that the Committee amend its reports to disclose as memo entries the identification (i.e., name, address), date and amount for each person or organization who made a reimbursement to the Committee for travel. In addition, it was recommended that any fees paid with respect to these reimbursements and netted against amounts received by World Wide Travel should be included as memo disbursement entries.

The Committee states in its response to the Interim Audit Report that:

> "it properly disclosed these reimbursements as received from Worldwide Travel and that further itemization is not required by the Act, regulations or other Commission precedents."
>
> "2 U.S.C. § 434(a) requires committees to file reports of receipts and disbursements. Generally all reporting under the Act, other than debts and obligations is on a cash basis. The Commission has addressed a virtually identical issue to this one as to disbursements made by presidential committees. In AO 1983-25, the Commission concluded that the itemization of disbursement requirements were met when a publicly financed campaign reported payments to its media vendor, and further hold [sic] that the Committee was not required to itemize payments subsequently made by the vendor on behalf of the committee. Thus, although committee vendors are required to maintain documentation of disbursements made to subvendors on behalf of a committee, the committee is not required to report or itemize such disbursements. The collection and receipt of reimbursements through a third party vendor is indistinguishable from the situation in AO 1983-25."
>
> "11 C.F.R. § 104.3(a)(4)(v) requires only that a committee identify each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year. The Committee satisfied that requirement by reporting the receipt of press and secret service reimbursements from Worldwide

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Travel which was operating as a vendor to the Committee in billing and collecting press and secret service reimbursements. All records pertaining to these collections were made available for audit as in AO 1983-25. The reporting requirements, however, were fully met by reporting the receipts from Worldwide. As in AO 1983-25, the Primary Committee's travel vendor was a distinct legal entity which entered into an arm's length commercial arrangement with the Committee. Worldwide Travel was neither set up by the Primary Committee, nor was the Primary Committee its only client. It is and was an ongoing travel business."

"The Committee sought informal advice from the audit staff regarding whether these reimbursements must be itemized and was advised that they need not be. We believe that advice was fully consistent with the requirements of § 434(b)(3)(f), § 104.3(a)(4)(v) of the regulations and AO 1983-25."

"Although, the Primary Committee believes that its reporting was in full compliance with the requirements of the Act, the Committee has prepared amendments as directed by the auditors itemizing the receipts from each press and secret service entity to the extent possible. . . . The Committee shall provide copies of the revised schedules that have been prepared itemizing this information. The amendments will be filed as soon as the revised summary pages and any other necessary amendments are completed."

Advisory Opinion ("AO") 1983-25 addresses a media vendor, contracted by a committee to administer its media production and media buys, and in the course of performing its duties would make disbursements to various advertising entities. In addition, in AO 1983-25, the following factors were considered significant in making its determination: (1) the consultants had a legal existence that was separate and distinct from the committee's operations; (2) the consultants' principals did not hold any committee staff positions; (3) the committee was conducting arms-length negotiations with the consultants that resulted in a formal contract; (4) the consultants were not required to devote their full efforts to the contract with the committee, and the consultants expected to have other media contracts with other committees and business entities during the campaign period; and, (5) the committee had no interest in the consultants' other contracts. In the case at hand, the Primary Committee paid for the chartering of aircraft and maintained travel manifests, which identified the number of press, secret service and Committee personnel traveling on a particular trip, and the cost of each trip. This information was subsequently provided to Worldwide Travel which acted as a billing and collection agent for the Committee. The monies received from Worldwide did not represent a refund of Committee funds paid to

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Worldwide Travel for services rendered. The monies represent refunds for travel incurred by the various press organizations and Secret Service personnel. Based on its responses and documentation provided to date, the Committee has not addressed all the factors noted above. Therefore, the receipts should have been disclosed as refunds from the organizations which were the actual source of those funds. The press and Secret Service were the providers of the refunds to the Committee. Worldwide Travel was merely a conduit for the receipt of those refunds.

The Committee also states that "informal advice" was received from the Audit staff. The Audit staff is unaware of any advice given to the Committee concerning this matter. In addition, the Committee did not identify the person who provided this advice.

Although no amended reports were filed with the Committee's response to the Interim Audit Report, the Committee has recently filed a series of amended reports on October 14, 1994. These reports materially correct the public record.

E. Apparent Excessive Contributions from Staff and Other Individuals

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000.

Section 116.5(b) of Title 11 of the Code of Federal Regulations states, in part, the payment by an individual from his or her personal funds, including a personal credit card, for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or political committee is a contribution unless the payment is exempted from the definition of contribution under 11 CFR 100.7(b)(8).

If the payment is not exempted, it shall be considered a contribution unless, it is for the individual's transportation and normal subsistence expenses incurred by other than a volunteer, while traveling on behalf of a candidate or political committee of a political party; and the individual is reimbursed within sixty days after the closing date of the billing statement on which the charges first appear if the payment was made using a personal credit card, or within thirty days after the date on which the expenses were incurred if a personal credit card was not used. "Subsistence expenses" include only expenditures for personal living expenses related to a particular individual traveling on committee business such as food or lodging.

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The Committee's payments of expense reimbursements were reviewed to determine if contributions had been made. As part of the Audit staff's analysis, contributions resulting from untimely reimbursement of expenses incurred by individuals were added to direct contributions made by these individuals. The review disclosed that persons were reimbursed for both their own travel and subsistence expenses as well as expenses for non-travel items and the subsistence of other persons. In the Interim Audit Report it was concluded that seven persons made excessive contributions totaling $75,1002/. At the time of the audit, no expense reimbursement requests were outstanding. At the exit conference, the Committee was presented a schedule of these individuals. The Committee stated at the exit conference that each individual's circumstance was unique and believed that the Committee had adequate information to address this matter.

In the Interim Audit Report it was recommended that the Committee either demonstrate that no contribution occurred with respect to these expense reimbursements, including a demonstration that portions of the amounts are exempt from the definition of a contribution under 11 CFR §100.7(b)(8), or offer any other information that it believed relevant to the issue.

The Committee states in its response to the Interim Audit Report that "the auditors have incorrectly categorized them [these transactions] as excessive and untimely reimbursements, and the audit analysis overstates the amounts of any advance."

The Committee states further that "[O]f the seven persons identified by the auditors, four3/ were Committee staff and three were unpaid consultants to the Committee providing services. As to the staff members, the auditors' computer print-out provides a cumulative total of all expense reimbursements received by the individuals without identifying those which were for personal transportation and subsistence." The Committee continues that "[W]hen the personal transportation and subsistence expenses have been subtracted from the analysis, the contribution figures are dramatically different. The Committee has prepared a correct analysis accounting for all permissible advances and reimbursements for transportation and subsistence expenses4/." [Footnote 3 omitted].

[Footnote 4] - The auditors' analysis of David Wilhelm is skewed by the inclusion of $6,000 which the Committee decided to reimburse him for the expenses of his apartment. It would have been permissible for him to pay these expenses without reimbursement, but it was also permissible for the Committee to reimburse him. The timing of this reimbursement is legally immaterial."

2/ This amount is the sum of the largest outstanding excessive balance for each individual.

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The Audit staff notes that an explanation of symbols and methodology used to generate the "computer print-out" was provided subsequent to the exit conference and again with the Interim Audit Report that enables the Committee to identify those expenses for personal transportation and subsistence. In addition, a review of the Committee's analysis revealed that certain items classified as personal travel and subsistence were for the expenses of persons other than the individual reimbursed (e.g. food for volunteers) and the use of "air phone," which are not subject to the 30-60 day window for reimbursement.

With respect to one individual, Carol Willis, the Committee did provide sufficient documentation which demonstrated that advances considered excessive contributions in the Interim Audit Report were immaterial.

With respect to the $6,000 reimbursement to David Wilhelm for rent, this payment was made at the request of David Wilhelm in a memo to David Watkins and Eli Segal dated August 15, 1992 for eight months (November, 1991 through June, 1992) rent at $750 per month. Payment was made on August 28, 1992. As noted above, the Committee states that "it decided to reimburse him for the expenses of his apartment. It would have been permissible for him to pay these expenses without reimbursement." The Committee does not address the reason it "decided" to reimburse Mr. Wilhelm although there was no obligation to do so. In an analysis of Mr. Wilhelm's expenses submitted by the Committee, the Committee lists the $6,000 rent reimbursement as part of a compensation package; however, no documentation or agreement was provided to support such a package. Given the documentation submitted, the $6,000 has been excluded from this analysis and moved to Section III.B.3.b., Campaign Bonuses. This eliminates any excessive contribution by Mr. Wilhelm.

The Committee contends that "three individuals were permitted under the Act and regulations to extend credit to the Committee under the ordinary course of business because as unpaid consultants they were unincorporated vendors to the campaign under 11 C.F.R. §116.3. Each of the individuals involved volunteered their uncompensated services to the Committee and billed the Committee for the costs incurred in connection with providing those services to the Committee. Each of the individuals involved has substantial fundraising background and expertise and thus may be considered an unincorporated commercial vendor. . . Ken Brody, Shelia Davis Lawrence (whose expenses were reimbursed to her trust, M.L. Lawrence Trust), and Erskine Bowles were fundraising consultants to the Committee."

Although the Committee contends that these individuals are unincorporated vendors with substantial fundraising background and expertise who extended credit to the Committee in their ordinary course of business, it failed to provide any documentation or other relevant information (i.e., list of other

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clients for whom they have performed fundraising services) which demonstrate that the individuals are unincorporated vendors and the observed billing practices are in their normal course of their business. It should be noted that during this period of time, Ken Brody and Erskine Bowles were investment bankers with the firms of Goldman Sachs and Company, and Bowles Hollowell Conner and Company respectively.

Each individual who travelled on behalf of the Committee was credited with an additional $1,000 pursuant to 11 CFR §100.7(b)(8). Therefore, based on information provided by the Committee and the additional $1,000 credit per individual for travel, the Audit staff has determined that five individuals made excessive contributions totaling $58,482 (see Attachment 2.)

F. Contributions, Extensions of Credit by Commercial Vendors, and Use of Corporate Facilities

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation or labor organization to make a contribution in connection with any election for Federal Office.

Section 441a(a)(1) of Title 2 of the United States Code states, in part, that no person shall make contributions to any candidate and his authorized committee with respect to any election which in the aggregate exceed $1,000.

Section 441a(a)(2)(A) of Title 2 of the United States Code states, in part, that no multicandidate political committee shall make contributions to any candidate and his authorized political committee with respect to any election for Federal Office which in the aggregate exceed $5,000.

Section 100.7(a)(1), (3), and (4) of Title 11 of the Code of Federal Regulations state, in part, that a contribution includes payments, services or other things of value: Such as a gift, subscription, loan, advance or deposit of money; the payment by any person of compensation for the personal services of another person if those services are rendered without charge to a political committee, except for legal and accounting services provided under 11 CFR 100.7(b)(13) or (14); and the extension of credit by any person unless the credit is extended in the normal course of business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation.

Section 116.3(a) and (b) of Title 11 of the Code of Federal Regulations state, in relevant part, that a commercial vendor that is not a corporation, and a corporation in its capacity as a commercial vendor may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. An extension of credit will not be considered a contribution to the candidate or political committee

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provided that the credit is extended in the ordinary course of the commercial vendor's/corporation's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligations.

Further, 11 CFR §116.3(c) states that in determining whether credit was extended in the ordinary course of business, the Commission will consider:

(1) Whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit;

(2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and

(3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's trade or industry.

Section 114.9(a) of Title 11 of the Code of Federal Regulations states, in part, stockholders and employees of a corporation may make occasional, isolated, or incidental use of the facilities of a corporation for individual volunteer activity in connection with a Federal election, such persons will be required to reimburse the corporation only to the extent that the overhead or operating costs of the corporation are increased.

A stockholder or employee who makes more than occasional, isolated, or incidental use of a corporation's facilities for individual volunteer activities in connection with a Federal election is required to reimburse the corporation within a commercially reasonable time for the normal and usual rental charge, as defined in 11 CFR 100.7(a)(1)(iii)(B) for use of such facilities.

Sections 114.9(c) and (d) of Title 11 of the Code of Federal Regulations state, in part, that any person who uses the facilities of a corporation or labor organization to produce materials, use telephones, typewriters, or borrow office furniture, for activity in connection with a Federal election is required to reimburse the corporation or labor organization within a commercially reasonable time for the normal and usual charge for producing such materials in the commercial market, or in the case of the equipment, the normal rental charge.

Section 114.9(e)(1) of Title 11 of the Code of Federal Regulations state, in part, that a person traveling on behalf of a candidate who uses an airplane which is owned or leased by a corporation other than a corporation licensed to offer commercial services for travel in connection with a Federal election must, in advance, reimburse the corporation.

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During fieldwork the Audit staff identified a number of corporations and other vendors that were providing services to the Committee but according to the invoices, generally did not appear to be billing for anything above their costs. There were no written contracts provided to the Audit staff for any of the vendors in this finding except for two lease agreements.

There was a total of 14 vendors that received a total of $296,355 from the Committee. During the fieldwork, the attorney for the Committee asserted that much of the activity would be permissible under 11 CFR 114.9. A list of the vendors and expenditures was given to the Committee at the exit conference on October 19, 1993.

In the Interim Audit Report, the Audit staff recommended that the Committee provide additional documentation or any other comments to demonstrate that the credit extended by the vendors was in the normal course of their business, including statements from the vendor, and therefore did not represent prohibited contributions. The information provided was to include examples of other customers or clients of similar size and risk for which similar services have been provided and similar billing arrangements have been used. Also, information concerning billing policies for similar clients and work, advance payment policies, debt collection policies, and billing cycles was requested. The Audit staff further recommended that the Committee provide documents to support its argument that some of these activities are permissible under 11 CFR §114.9 or are exempt from the definition of a contribution under 11 CFR §100.7(b).

Presented below is an explanation for each vendor. The information in the Interim Audit Report is presented, followed by the Committee's response and a conclusion.

Goldman Sachs and Company

Before the Committee had a New York office, Goldman Sachs provided office space to a Committee employee. According to an April 19, 1993, memorandum in response to Audit staff questions, "Paul Carey, served as the Northeast finance coordinator. He reported to Ken Brody, who served voluntarily as a national finance co-chair and as the New York finance chair from October, 1991 on. In addition, he was a general partner with Goldman Sachs through November 30, 1991, and a limited partner after that. He was aware of available space at Goldman which the campaign rented for Paul Carey." Advances by Paul Carey and Ken Brody are included in Finding II.E. above.

Most of the early expenses were for limousine or taxi service provided by Goldman Sachs. These expenses were billed and paid by the Committee timely and are not included in the amount shown below. The actual office expenses for September, 1991 through December, 1991 were not billed until February 19, 1992 and not paid by the Committee until April 16, 1992. The two largest

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invoices cover the period December 27, 1991 to March 7, 1992. They were billed on March 23, 1992 and April 15, 1992. The last invoice payment was for expenses incurred in October, 1991 but not billed by the vendor until November 1992. The total amount paid for these expenses was $16,295.

In response to the Interim Audit Report, the Committee submitted two affidavits. The first is from Harry Silver, a Vice President of Goldman, Sachs and Co. He is the Chief Administrator for the firm's Investment Banking Division. The other affidavit is from Kenneth Norton, a Vice President with the company and one of the individuals responsible for the management of the Accounting Services Department.

According to Mr. Silver, the billing for the office space and miscellaneous office support services was handled in the ordinary course of Goldman Sachs business in a manner wholly consistent with the Division's ordinary commercial practice and experience. There are no mandatory time parameters within his Division governing the process of reviewing disbursements and billing third parties. According to the affidavit, after Mr. Carey's departure, Mr. Silver instructed his staff to collect market information and make estimates as to the fair market value for the office space and office related expenses, and to compile the actual costs of the miscellaneous expenses.

Mr. Norton's affidavit addressed the car service and the Clinton breakfast in October, 1991. For both, there are no time parameters governing billing third parties for reimbursement of the car service and in-house food service incurred by the firm. According to the affidavit, as a matter of practice and experience, the processing of general expenses and billing of third parties ranges anywhere from several months to one year or more from the time that the expense is actually incurred.

The Commission believes that 11 CFR §114.9, by analogy, applies to partnerships. See AO 1979-22. It appears that Goldman Sachs has provided the use of its facilities to the Committee. In the view of the Audit Division, the Committee has not demonstrated that it reimbursed Goldman Sachs for the use of its facilities "within a commercially reasonable time." 11 CFR §114.9(d). Specifically, the affidavits do not supply any specific examples of other clients of similar size and risk, examples of similar types of activity where billings were delayed several months to over one (1) year or where Goldman Sachs donated its services at cost.

Manatt, Phelps, Phillips, & Kantor

This firm incurred $120,192 in expenses from September, 1991 to June, 1992. These expenses were billed on July 28, 1992 and paid in two installments of $60,096 each on August 7, and September 12, 1992. According to the Committee, Mickey Kantor was the campaign chairman and used employees of the law firm to work

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for the Committee. Mr. Kantor volunteered his services but the firm was reimbursed for the employees' services. In addition to employees' services, such as secretarial, temporary help and library research, the firm was reimbursed for expenses incurred for office rent, meals, telephones, copying and postal services. The firm appeared to have billed the Committee at cost for certain items on its invoices.

The Committee submitted additional material on November 10, 1993. According to a memorandum from Manatt, Phelps & Phillips, "Our law firm utilizes various billing practices within our ordinary and normal course of business. One such practice involves the accumulation of fees and costs during the life of a project, with the billing at the conclusion of the project."

In response to the Interim Audit Report the Committee submitted an affidavit from Judi Cunningham, the accounting manager for Manatt, Phelps & Phillips. According to the affidavit the firm billed the Committee on January 13, 1992 for costs incurred from September through December, 1991, and sent another bill on May 31, 1992 for costs incurred from January through April 1992. Ms. Cunningham states that "as of July, 1992, the firm had not yet received payment for such periodic invoices. As a result, after consultation with the Campaign, new invoices dated July 28, 1992 were prepared and forwarded to the Campaign." The July 28, 1992 bill includes the previous charges as well as charges for May and June, 1992. According to the Committee, it did not have any record of receiving the first two billings. The Committee did not report any debts owed to this firm until August, 1992.

The Committee sent copies of both invoices in question. The initial invoice dated January 13, 1992 was sent to Manatt, Phelps' address in Los Angeles to Mickey Kantor. Mr. Kantor was a partner in the firm. Another invoice dated May 31, 1992 was also sent to Manett, Phelps, attention Mickey Kantor. The July 28, 1992 bill the Committee finally recognized and paid, was sent to the Committee in Little Rock, Arkansas. There is no explanation why Mr. Kantor did not send these earlier invoices on to the Committee in Little Rock.

In the response, the Committee states that it does not think it is relevant whether the firm billed on a periodic basis or not, since it is within the firm's ordinary course of business to bill at the end of the project. According to the affidavit, "Pro bono representations typically involve the provision of volunteer legal services and may or may not involve the provisions of costs as well. In those instances where the firm seeks to recover costs, it is common to bill the costs either periodically (but not necessarily monthly) or only once, at the end of the project."

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It is understandable for a firm to bill a client for periodic expenses, yet it appears this firm went to the trouble of billing the Committee $90 on February 3, 1992 for the use of the firm's board room on February 5th and 6th, 1992. The Committee does not explain why this vendor would normally wait to bill approximately $120,000 in expenses but go to the trouble of billing $90 on a timely basis.

The Commission believes that 11 CFR §114.9, by analogy, applies to partnerships. See AO 1979-22. It appears that Manatt, Phelps, Phillips, and Kantor provided the use of its facilities to the Committee. In the view of the Audit Division, the Committee has not demonstrated that it reimbursed Manatt, Phelps, Phillips, and Kantor for the use of its facilities "within a commercially reasonable time." 11 CFR §114.9(d). Specifically, the affidavit does not supply any specific examples of other clients of similar size and risk, and examples of similar types of activity where billings were delayed several months.

Mozark Productions

Mozark Productions produced a video for the Committee. Starting in February, 1992, Mozark began paying different businesses and individuals to produce the video. The last check written by Mozark was on May 4, 1992. Mozark billed the Committee $14,019 on May 18, 1992. The Committee reimbursed Mozark on August 21, 1992. It appears that Mozark is just recovering its expenses.

The Committee stated at an August 12, 1993 conference with the auditors, that Harry Thomason was the producer of the video and volunteered his services. In the Committee's response to the exit conference, they stated "Mozark provided production services to the Committee and billed the Committee in full for production costs. The personal services of Harry and Linda Thomason were volunteered under 11 CFR §100.7(b)(3)."

This statement did not address the question of the extension of credit in the ordinary course of business.

In response to the Interim Audit Report, the Committee submitted an affidavit from Harry Thomason the President of Mozark Productions. According to Mr. Thomason, it is standard entertainment industry practice for production companies to bill a client for the direct costs of preparing a video plus a fee for services of the producers. He and his wife, Linda Bloodsworth-Thomason volunteered their personal services in connection with the production of the videos. The company did not compensate them for the volunteer services they provided. Mr. Thomason also states that it is an ordinary business practice for Mozark to bill at the conclusion of the project, which is customary in the industry.

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The personal services of Harry Thomason and Linda Bloodsworth-Thomason may be volunteered to the Committee. See 11 CFR §100.7(b)(3). However, because Mozark Productions provided other production services to the Committee which are part of its usual and normal business, the extension of credit for such services must be made in the ordinary course of business. 11 CFR §116.1(c)(defining commercial vendors); 11 CFR §116.3 (ordinary course of business standard). The Committee's response did not give any examples of other clients the company does business with of similar size and risk for which similar services have been provided and similar billing arrangements have been used. The affidavit does not address whether the company requires other clients to deposit money or make advance payments prior to services being provided; or, if this is not done, whether the company normally sends progress billings at different stages of the project. Mozark does not address its failure to make follow-up billings and why it took no action to collect this debt. In the view of the Audit Division, it has not been established that the extension of credit was made in the ordinary course of business under 11 CFR §116.3.

Walter Kyle

Walter Kyle is an attorney who worked for the Committee in New Hampshire, starting in October, 1991. He incurred $1,974 in expenses from October 24, 1991 to February 24, 1992. From the Committee's Check Request Form, he apparently billed the Committee on May 1 and 4, 1992 and was paid by the Committee on September 3, 1992. He also billed the Committee $13,500 for services between October, 1991 and May, 1992. The invoice is undated, but the Committee paid Mr. Kyle on September 11, 1992.

In response to the Interim Audit Report, the Committee submitted an affidavit from Mr. Kyle. He states that his billing procedures were consistent with the billing practices for other clients of like size and financial capacity. In his work as plaintiff's attorney, he does not receive payment for services until after completion of the case. In matters before the United States Claims Court, his practice bills within 90 days of completion of the case.

The work described above is not the type of work he performed for the Committee. Mr. Kyle appeared to be instrumental in setting up the Committee's New Hampshire office. Of the $13,500 in services paid for, $7,250 was made up of 29 hours work at $250 an hour for the following: 15 hours to search for NH headquarters, photographs and review of market conditions; 4 hours for negotiating the lease and drafting the option agreement; 10 hours for negotiation with the phone company for the 1992 number, and negotiation with sign companies for refurbishing signs. He also, billed $6,500 for legal and political consultation between November, 1991 and May, 1992.

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Neither the Committee nor the vendor presented any information on why the vendor delayed the billing for the $1,974 in expenses. The vendor had made two prior billings to the Committee, which were not included in the finding, for expenses incurred in October, 1991 and paid in October, 1991 and January, 1992. He was also reimbursed by the Committee with two drafts for expenses incurred in January, 1992.

Though part of Mr. Kyle's work would require an attorney's expertise, it is not the same as being a plaintiff's attorney or presenting matters before the United States Claims Court. The response does not address the same type of services and billings provided by Mr. Kyle to the Committee and similar clients. Therefore, in the Audit staff's opinion, it has not established that the extension of credit was in the ordinary course of business as required by 11 CFR §116.3(c).

Newmark and Company Real Estate, Inc.

The Committee rented office space from this corporation in New York City starting December 16, 1991. A total of three offices were rented during the primary campaign and the convention. The Committee made the following rent payments; $4,000 on February 3; $750 on March 31; and $750 on April 1, 1992. Newmark sent the Committee a final bill dated August 19, 1992 with a total amount due of $20,730. According to the lease agreement a $1,500 deposit was due and payable at the time of the execution and delivery of the lease. It appears the $750 payments made on March 31 and April 1, 1992 by the Committee were considered deposits by the vendor. The two payments, totaling $1,500, were subsequently refunded to the Committee. The August 19, 1992 invoice covered the total rent charges for three offices between December 16, 1991 and August 15, 1992. If the $4,000 payment is applied against the earliest rent due, the Committee owed $20,730 for the period from March 1, 1992 to August 15, 1992. The Committee paid this amount on October 21, 1992.

In response to the Interim Audit Report, the Committee submitted an affidavit from Margaret Fennelly, a licensed real estate salesperson associated with the vendor. According to the affidavit, the vendor did not bill the Committee until August 19, 1992. The reason for the delayed billing is that the parties did not have an executed lease and the computer system is not equipped to bill tenants without there being a properly executed lease. This statement is inconsistent with the information provided by the Committee during fieldwork. The Committee provided a copy of the lease it had with the vendor, that was signed only by a Committee representative. The vendor also billed the Committee at least three times in February and March, 1992 prior to August 19, 1992 billing demonstrating that the Committee was at some point in Newmark's billing system. According to the information provided by the Committee, since this Committee was in the vendor's billing system, the vendor's normal business practice would have been to bill the Committee on a more frequent basis. The vendor's

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affidavit also provides examples of situations when errors resulted in delayed billing. However, as noted, the explanation of how this particular situation occurred is not consistent with the documentation gathered during the audit. Therefore, in the Audit staff's opinion, it has not been established that the extension of credit was in the ordinary course of business as required by 11 CFR §116.3.

TRADEC

The Committee received invoices from this vendor for various charges incurred in January, February, and March of 1992. The charges included travel expenses, office expenses, rent and professional services. Although the vendor's invoices indicate "Professional Services($85 per hr.)", the vendor billed the Committee at a reduced rate or did not bill the Committee for such services. According to vendor invoices noted above, the Committee incurred actual charges for professional services of $9,308. However, the Committee was billed only $1,500 for professional services. The difference, $7,808 ($9,308-$1,500), was itemized on the invoice as "in-kind services." The Committee paid the expenses for travel, office rent and the reduced charges for professional services.

When the Audit staff was reviewing this vendor file, there was a letter dated February 6, 1993 from the Committee to TRADEC. The letter contained the following information, "A review of our records indicates that during January, February, and March 1992, Tradec performed certain services for which you did not bill the Clinton for President Committee. Federal law prohibits corporate contributions in connection with federal elections, including the donation of goods and services. Accordingly in order to comply with federal regulations, we have enclosed a check in the amount of $7,807.50 to cover the cost of such services."

Additional information submitted by the Committee on November 10, 1993, restated the above information, and included that "[a]ccordingly, there was no extension of credit outside the normal course of business in the amount of $7,807.50."

In response to the Interim Audit Report, the Committee submitted an affidavit from Scott Jackson, President of Trade Development Consortium, Inc. He states that he acted as a finance co-chairman for the Committee volunteering his time to the Committee and that he did not receive compensation from the firm for the time he volunteered to the Committee. "However, pursuant to my understanding with the Committee, I accounted for my personal time and the personal time of Patric Booth spent supervising the maintenance of a fundraising database and performing event coordination even though these services qualified as exempt volunteer services on the invoice, pursuant to 11 C.F.R. 100.7(b)(3). Because of confusion over the meaning of 'in-kind' services on the invoice the Committee paid the $7,808,

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notwithstanding the fact that such services qualified as exempt volunteer services pursuant to 11 C.F.R. 100.7(b)(3). Thus, the Committee paid TRADEC and TRADEC received payment in full even though it was not required."

The vendor never billed the Committee for the $7,808. The Audit staff is in agreement with the Committee. According to the information submitted, TRADEC did not pay or incur any liability to Mr. Jackson or Mr. Booth. Therefore, the Committee overpaid this corporation by the $7,808. The Committee should attempt to have the vendor refund this amount. The $7,808 has been included as an accounts receivable on the Committee's NOCO in Finding III.C.

American Federation of Teachers

This labor organization paid for an advertisement that ran in the New York Times on April 5, 1992. The original invoice sent to the Committee, dated May 14, 1992 for $12,126 was apparently filled out incorrectly (bill to name was incorrect). According to a letter from the American Federation of Teachers ("AFT") dated February 3, 1993, the Committee authorized this paid political advertisement.3/ A corrected invoice dated February 2, 1993 accompanied this letter. The Committee paid AFT on February 18, 1993. It should be noted that it does not appear that the payment originated from American Federation of Teachers' Committee on Political Education (Federal Account).

The Committee submitted a letter from the AFT which stated the same information as above, and also that the AFT did not realize their mistake until late January, 1993. According to the Committee, "there was an error in preparation of the original invoice from AFT. As soon as it was discovered, a new invoice was issued to the Committee and it was paid promptly. This was fully in accordance with the requirements of 11 CFR § 114.9 and 116.3."

In response to the Interim Audit Report, the Committee submitted an affidavit from Rachelle Horowitz, the political director of the AFT. The affidavit supports the clerical error previously addressed in the finding. The response does not address the apparent failure to pay the expenses from the American Federation of Teachers' Committee on Political Education (Federal Account). Also, the response does not address who in the Committee authorized the advertisement, or why the Committee did not estimate the amount of the bill and disclose it as a debt on their FEC reports.

3/ The newspaper advertisement contained the following: "Paid for and authorized by the Bill Clinton for President Committee."

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Given the information provided, in the Audit staff's opinion the transactions discussed above constitute a contribution from the American Federation of Teachers for the period April, 1992 until February, 1993 in the amount of $12,126 pursuant to 11 CFR §100.7(a)(1).

Occidental Petroleum

The Committee provided the following information in response to the Audit staff's questions concerning payments to this vendor. "Jerry Stern was an executive of Occidental Petroleum Corporation who was a volunteer in the campaign. He retired from the company at the end of last year (1992). The payments made to OPC were reimbursements for expenses incurred for use of Corporate facilities pursuant to 11 C.F.R. §114.9(d)." Most of the expenses paid to Occidental Petroleum were for secretarial services and other office expenses. The first invoice received by the Committee was dated April 21, 1992 for office expenses totaling $3,055 incurred during the period January, 1992 through February 28, 1992. This invoice was paid on May 5, 1992. The Committee received another invoice dated May 27, 1992 in the amount of $1,446 for office expenses incurred during the period March 2, 1992 through March 31, 1992. The Committee paid this invoice on September 8, 1992. The last billing was for expenses incurred January 1992 through June 30, 1992. However, most of the expenses were for April through June. These expenses totaling $7,381 were billed August 31, 1992 and paid October 9, 1992.

Jerry Stern also received a reimbursement of $4,475 on August 13, 1992, from the Committee, for expenses incurred in February, 1992. In addition, a $3,000 charge, also incurred in February, 1992, appeared to have been paid by Jerry Stern, but there was no evidence of a reimbursement having been made.

In response to the Interim Audit Report, the Committee submitted an affidavit from Chester T. Oliver, Director of Accounting Services of Occidental Petroleum Corporation. Mr. Oliver states that the vendor is not a commercial vendor and the corporate headquarters office does not extend credit in the ordinary course of its business. He continues, "the process was time consuming because Occidental is not in the business of providing secretarial assistance, rental of office equipment, and it is not normal for Occidental to bill for these items in the course of its business." The Committee also submitted an affidavit from Gerald M. Stern, adequately documenting the $3,000.

In the Audit staff's opinion, 11 CFR §116.3 does not apply to Occidental Petroleum since it is a corporation not engaged in its normal commercial activities. Under 11 CFR §114.9(a), a corporate executive used the corporation's facilities for individual activities in connection with a Federal election and Occidental Petroleum was reimbursed within a commercially reasonable time.

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Democratic Party of Arkansas (DPA)

There was a written agreement between the Committee and the Democratic Party of Arkansas signed January 24, 1992. Under the terms of the agreement the DPA would lease space with telephones for $10 a day. The DPA sent the Committee an invoice on May 13, 1993 for $7,718 which covered the conference center for the period February 10 to July 10, 1992 for $1,360 ($10 x 136 days) and $6,358 in telephone charges. The Committee paid the entire amount May 19, 1993.

In response to the Interim Audit Report, the Committee states that administrative error due to a lack of sufficient personnel and financial resources delayed issuance of the invoice. They also submitted an affidavit from Greg B. Brown, Treasurer of the Democratic Party of Arkansas, that supported what the Committee had said. In fact, Mr. Brown states that it was the Committee that advised the DPA that they had never received an invoice.

In the Audit staff's opinion, the Committee has failed to establish that these charges are exempt from the definition of a contribution under 11 CFR §100.7. The amount advanced exceeds the contribution limitation by $2,718 ($7,718 - $5,000 limitation). However, based on the Committee's response and the relatively small amount of the excessive contribution no further action is warranted.

The Sutherland Company

During the period October 25, 1991 to June 16, 1992 the corporation incurred expenses on behalf of the Committee totaling $29,298. Various invoices detailed charges for travel, printing telephone, postage, vendor staff coordination of events (including arrangements, invitations, call books, etc.), advance work, contract labor, campaign banners, bumper stickers, fliers, fundraising and radio advertising. Finally, included in the above invoices were charges for the use of an aircraft totaling $3,214. The flights occurred November, 1991 through February 4, 1992, but were not paid until May, 1992. A later flight in April, 1992 was not paid until July 2, 1992. The vendor billed the Committee on January 20, March 6, April 23 and June 15, 1992. During the period May 5, 1992 through July 2, 1992, the Committee paid Sutherland Company $29,298.

Not included in the finding, is an early payment to this vendor for Sutherland Co. services 9/15-10/15/91 for $2,000. The company apparently made no other billings for its services after that date.

In response to the Interim Audit Report, the Committee submitted an affidavit from Tucker Sutherland. The affidavit does not describe his position with the corporation, but it does state that Craig Sutherland ran the corporation's Austin office, and

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left the company in 1992 to join the Committee. He also states that the primary business of the company is political campaign consulting and political communications. The Committee's records show that Craig Sutherland received his first paycheck from the Committee on December 16, 1991.

According to the affidavit "All credit extended to the Clinton for President Committee was in the normal course of business for the Sutherland Company and billed according to our normal business practices." Mr. Sutherland states, "It is normal operating procedure for us to bill both political and other commercial clients on a project basis after the project is complete and we have collected bills from subcontractors involved in the project."

According to the affidavit, the corporation does not own any aircraft. The vendor states that the company arranges for client transportation for events in its normal course of business.

Based on the response, in the Audit staff's opinion, it has not been established that the extension of credit was in the ordinary course of business. 11 CFR §116.3(c).

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Hellring Lindeman Goldstein and Siegal

This law firm incurred $6,620 for expenses through June 15, 1992 in connection with the "organization and management of Yale Law School Graduates for Bill Clinton". There is a notation on their invoice for $700 for in-kind contributions. Therefore, the firm credited this amount against the total expenses. The firm billed the Committee $5,920 on September 4, 1992 and the Committee paid the vendor on November 19, 1992.

In response to the Interim Audit Report, the Committee submitted an affidavit from Robert S. Raymar, an attorney-at-law in New Jersey and a member of the law firm of Hellring Lindeman Goldstein and Siegal. According to the affidavit, starting in November, 1991 he volunteered his free time to the Committee in connection with the organization and management of the Yale Law School Graduates for Bill Clinton.

The firm intended to bill the Committee for all out-of-pocket disbursements and for all other disbursements after the conclusion of the matter. "This is consistent with the manner the firm bills numerous matters, including pro bono matters, contingent fee negligence matters, matrimonial matters, and matters in which the disbursements are not expected to be or do not prove to be significant."

Concerning the in-kind contribution, Mr. Raymar stated that on April 3, 1992 and May 16, 1992, he and his wife wrote two checks totaling $700 payable to the law firm for the firm's out-of-pocket expenses. According to Mr. Raymar, based on these two checks, the firms out of pocket expenses were paid in full

through April 20, 1992. Both individuals notified the Committee of their in-kind contributions on April 3, 1992 and May 19, 1992. The Committee reported the in-kind contributions.

According to the affidavit, the balance of the expenses were incurred between April 21, 1992 and June 15, 1992, except the secretarial services of $4,727 which were incurred at some point between November, 1991 and June 15, 1992.

Initially, Mr. Raymar was going to bill the Committee for expenses incurred between June 15, 1992 and July 15, 1992. After the convention, he concluded that he "might inadvertently and inappropriately be allowing the primary election organization to subsidize the general election campaign." After June 15, 1992, Mr. Raymar states he turned his efforts to the Democratic National Committee's general election fundraising and other activities.

On the September 8, 1992 billing, the firm is also billing the DNC Victory Fund/Federal Account for $4,741.81 for expenses incurred from June 16, 1992 to August 31, 1992 in connection with the Yale Law School Graduates for Victory Fund '92. According to the affidavit, it took time to properly allocate the expenses between the two Committees, which is why the billing wasn't sent until September 8, 1992. The firm also sent additional letters requesting payment on October 15, 1992 and November 25, 1992.

Given the explanation provided, coupled with the underlying documents, the relatively small amount and the firm's subsequent attempts to collect the amount, the Audit Division believes that no further action is warranted.

Sun Building Associates

The Committee rented office space in Washington, D.C. from this vendor. There was no written lease agreement and no deposit apparently required. The Committee occupied the offices for the first four months of 1992 and made no payments during that time. The Committee occupied 2,310 square feet for the first three months and 4,621 square feet in April. The vendor sent letters on April 8 and April 30, 1992 requesting payment. The April 30, 1992 letter was sent by attorneys threatening legal action if the Committee did not vacate the premises. The Committee paid the full $12,390 on May 1, 1992.

In response to the Interim Audit Report, the Committee submitted an affidavit from Charles A. Trainum, Jr., a managing general partner of Sun Building Associates. According to the affidavit, the space the Committee rented was vacant from August, 1987, to January, 1992. The Committee only wanted the space during the duration of the campaign. Mr. Trainum agreed to lease the Committee some or all of the ninth floor space. It was agreed that he would try to lease the space on a permanent basis and that he would require them to vacate the building on 30 days notice.

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The vendor represents that it customarily rents such vacant space to short term or temporary tenants based on verbal as opposed to written agreements. For instance the vendor currently rents space to a local foundation, on a basis identical to the space rented to the Committee.

Mr. Trainum continues, that since his law offices are in the same building, and given the temporary nature of the arrangement, he decided to handle the billing for the space himself rather then turn it over to Sun Building Associate's management agent, Michael Management Company. The Committee was constantly moving its location on the ninth floor constantly expanding and contracting its space. Because of this and that he was busy in his law practice he did not bill the Committee for rent until April 1, 1992. At that time, after consulting with the Committee, he determined that the Committee had occupied an average of one-half of the ninth floor office space.

The Committee continued to rent this space through the end of July, 1992. Between July and November, 1992, the space was leased by to the Clinton/Gore '92 Committee (General Committee). Starting in May, the Committee paid its rent to Michael Management Company. At the time of its first billing on May 1, the Committee was billed for the January through April rent, as well as the May rent. The Committee did not pay this rent until June 23, 1992. Since the Committee was late making its May and June rent payments, both payable at the first of each month, it was assessed a 5% late payment fee on a bill dated July 1, 1992 which was paid on July 28. The General Committee made prompt monthly payments after that through November, 1992.

Given the explanation provided, coupled with the underlying documents, the subsequent action of the vendor with respect to the May through July rent and the vendor's subsequent attempts to collect the amount, in the Audit staff's opinion, no further action is warranted.

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O'Keefe Ashenden Lyons & Ward

This firm incurred expenses from October 16, 1991 to March 10, 1992. The firm billed the Committee for their expenses on March 11 for $2,240 and on March 20, 1992 for $6,418. The Committee reimbursed the firm $8,658 on September 8, 1992. The firm's invoice appeared to be just recovering expenses they incurred. The letter accompanying the March 20, 1992 billing suggests that the agreement between the firm and the Committee called for the expenses to be billed only after the Illinois Primary.

In response to the Interim Audit Report the Committee submitted an affidavit from J. Michael Heaton a partner in the law firm. According to the affidavit, it is the custom, in the ordinary course of business, to bill expenses at the conclusion of a matter in non-recurring transactions, such as real estate tax,

wills, probate, as well as all pro bono work, civic affairs, and other community relations. The firm usually has no problems collecting from clients. They have "no standard practice of actively pursuing collection efforts for sometimes up to a year or more, a policy adopted by the firm as a matter of business courtesy conducive to its policy of low-key, non-aggressive client relations suitable to its practice and clientele." Mr. Kevin M. O'Keefe volunteered his time and was not compensated by the firm for his volunteer services.

The Commission believes that 11 CFR §114.9, by analogy, applies to partnerships. See AO 1979-22. It appears that of the $8,658 reimbursed to this vendor, $2,240 represents the use of firm facilities. In the view of the Audit Division, the Committee has not demonstrated that it reimbursed O'Keefe Ashenden Lyons & Ward for the use of its facilities "within a commercially reasonable time." 11 CFR §114.9(d). With respect to the remaining $6,418 reimbursed for travel, in the Audit staff's opinion, it has not been established that this extension of credit was in the ordinary course of business pursuant to 11 CFR §100.7(a)(4). Specifically, the affidavit does not supply any specific examples of similar types of activity where billings were delayed several months.

TAC Air

The Committee used an aircraft, owned by TAC Air, which is a division of Truman Arnold Companies, a corporate entity. TAC Air is licensed to offer commercial services for travel. A review of the vendor file indicated that invoices were paid in a timely manner for the use of this aircraft except for trips taken on January 27, 1992. The flight itinerary for the January 27th flights included an invoice from TAC Air dated February 24, 1992, indicating that Committee personnel traveled to various locations in South Dakota, and Colorado incurring a liability of $9,370. Although these flights were made in January, 1992, and invoiced in February, the Committee did not reimburse TAC Air until August 10, 1992. In addition, it appeared that a liability existed in the amount of $4,232 for flights taken on May 1, 1992, and invoiced on May 13, 1992 for which no payment had been found.

The Committee submitted in its response to the Interim Audit Report the affidavit of James H. Day, Administrative Vice President of Truman Arnold Companies, ("TAC"). Mr. Day states that "TAC provides various commercial aviation services through its TAC Air operating division. TAC Air is a licensed air charter operator....In addition to the use of TAC Air charter aircraft, the Committee used TAC's private corporate plane on several occasions. As required, the Committee paid for the use of the corporate plane in advance and paid for the use of charter aircraft subsequent to the flight within the course of TAC Air's business." Mr. Day states further that "[o]n April 6, 1992 TAC erroneously applied a $10,859.00 payment (check #6650) for the use of the corporate plane to the Committee's charter account. This

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credit to the account would have cleared invoice #11390 ($9,370.18) in our accounting system and in accordance with our normal billing procedures no past due notices would have been mailed to the Committee. Thus, neither TAC Air nor the Committee would have been aware of the outstanding invoice."

Although, Mr. Day states in his affidavit that "neither TAC Air nor the Committee would have been aware of the outstanding invoice," it is noted that the Committee reported the $9,370 as a debt owed by the Committee in its original disclosure reports filed with the Commission for reporting periods February, 1992 through August, 1992. Finally, Mr. Day states that the April 6, payment of $10,859 for the use of the Company's corporate aircraft was inadvertently applied to the charter account. However, Mr. Day does not address why TAC did not pursue the balance owed for the use of the corporate aircraft, although he acknowledges in his affidavit that payment is "required" to be made in advance for the use of this aircraft.

In the Audit staff's opinion, it has not been established that the extension of credit was made in the ordinary course of business under 11 CFR §116.3.

The Committee provided a second affidavit from Mr. Day which states that a charter flight originally scheduled for May 1, 1992 did not occur and no liability exists in the amount of $4,232. No further action is necessary with respect to this flight.

As previously mentioned, in the Interim Audit Report, the Audit staff recommended that the Committee provide additional documentation or any other comments to demonstrate that the credit extended by the vendors was in the normal course of their business, including statements from the vendors, and did not represent prohibited contributions. The recommendation stated that the information provided should include examples of other customers or clients of similar size and risk for which similar services have been provided and similar billing arrangements have been used. Also, information concerning billing policies for similar clients and work, advance payment policies, debt collection policies, and billing cycles should be included. The Audit staff further recommended that the Committee provide documents to support its argument that some of these activities are permissible under 11 CFR §114.9 or are exempt from the definition of a contribution under 11 CFR §100.7(b).

The Committee did provide affidavits from all the vendors, but none of the vendors provided specific examples of other clients or customers as required in the recommendation. Specifically, in the case of Goldman Sachs and Company, Manatt Phelps, Phillips and Kantor, and O'Keefe Ashenden Lyons & Ward, the Audit Division believes that the Committee has not established that these firms have been reimbursed by the Committee for use of its facilities "within a commercially reasonable time." 11 CFR

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§114.9(d). Additionally, in the view of the Audit Division, it appears that the American Federation of Teachers has made a contribution pursuant to 11 CFR §100.7(a)(1).

In the Audit staff's opinion, with respect to Mozark Productions, Newmark and Company Real Estate, Inc., The Sutherland Company, Walter Kyle and TAC Air, the Committee did not demonstrate that the companies followed their established procedures, their past practice, and whether the extension of credit conformed to the usual and normal practice in their business or in their industry as required by 11 CFR §116.3. The Committee has been able to establish that Occidental Petroleum did not make a contribution under 11 CFR §114.9.

In the Audit staff's opinion, the amount of the contributions made by these 9 vendors, corporation, and partnerships by virture of their extension of credit and other advances is $246,162. Attachment 3 contains the contribution amount for each vendor, corporation, and partnership.

Based on the additional information provided by the Committee, in the Audit staff's opinion, no further action is warranted with respect to Occidental Petroleum, the Democratic Party of Arkansas, Hellring Lindeman Goldstein and Siegal, and Sun Building Associates. Since no liability existed with TRADEC, the Audit Division believes that there was no extension of credit by this vendor to the Committee.

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Audit analysis of Staff Advances under [illegible] 9 7 0 4 3 8 0 3 0 3 0

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amtu	W/S Non Contr Rel	W/S Excess Amount	W/S Rec Rel Aft Reimb
Boules Erskine	1	05/04/92	05/06/92	6756.17	6756.17	4	10/27/92	176	6756.17	5756.17	5756.17	
	1	05/06/92	05/06/92	700.00	7565.17	4	10/27/92	174	700.00	6565.17	6565.17	
	1	05/05/92	05/05/92	1302.50	8867.67	4	10/27/92	175	1302.50	7867.67	7867.67	
	1	05/06/92	05/06/92	1518.15	10385.82	4	10/27/92	174	1518.15	9165.82	9365.82	
	2	05/07/92	05/07/92	375.00	10760.82	7		0	375.00	9740.82	9740.82	
	1	06/02/92	06/02/92	260.70	11001.52	4	10/27/92	147	260.70	10001.52	10001.52	
	1	06/23/92	06/23/92	1000.00	12001.52	4	10/27/92	126	1000.00	11001.52	11001.52	
	1	06/23/92	06/23/92	869.70	12871.22	4	10/27/92	126	869.70	11871.22	11871.22	
	1	06/23/92	06/23/92	1700.83	14580.05	4	10/27/92	126	1700.83	13580.05	13580.05	
	1	06/23/92	06/23/92	1000.00	15580.05	4	10/27/92	126	1000.00	14580.05	14580.05	
	1	06/23/92	06/23/92	105.00	15685.05	4	10/27/92	126	105.00	14685.05	14685.05	
	1	06/23/92	06/23/92	640.00	16325.05	4	10/27/92	126	640.00	15325.05	15325.05	
	1	10/27/92	10/27/92	-15950.05	375.00	1		0	0.00	-625.00		

Audit analysis of Staff Advances under 91 V 0 143 for Brody 0 3 Run Date 11/09/92

W/S Name	W/S Voch No	W/S Cost Inc Date	W/S Cost Calc Dte	W/S Costs Inc Amt	W/S W/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Costs Rate	W/S Due Costs Owl	W/S Reimbs Amount	W/S Rec Bal Aft Reimb
* Brody Kenneth	0	01/20/91	01/20/91	200.00	-200.00	0	11/20/91	184	200.00	600.00		
	1	11/19/91	11/19/91	1568.05	1768.05	0	11/19/91	10	1568.05	768.05	768.05	
	8	11/20/91	11/20/92	-1568.05	200.00	1		0	0.00	800.00		
	5	11/25/91	11/25/92	18.56	218.56	0	11/19/91	10	18.56	781.44		
	2	12/06/91	12/06/92	8913.00	9131.56	0	12/19/91	13	8913.00	8131.56	8131.56	
	3	12/10/91	12/10/92	4750.00	13881.56	0	12/19/91	9	4750.00	12881.56	12881.56	
	2	12/10/91	12/10/92	4080.79	17962.35	0	01/21/92	42	4080.79	16962.35	16962.35	
	7	12/13/91	12/13/92	1000.00	18962.35	7		0	1000.00	17962.35	17962.35	
	2	12/19/91	12/19/91	-17743.79	1218.56	1		0	0.00	218.56	218.56	218.56
	4	01/01/92	01/01/92	1017.55	2236.09	0	01/21/92	20	1017.55	1236.09	1236.09	
	4	01/01/92	01/01/92	246.81	2482.90	0	01/21/92	20	246.81	1482.90	1482.90	
	6	01/10/92	01/10/93	592.36	3075.26	0	01/21/92	11	592.36	2075.26	2075.26	
	0	01/13/92	01/13/93	300.37	3375.63	0	02/10/92	96	300.37	2375.63	2375.63	
	0	01/14/92	01/14/92	323.30	3698.93	0	04/21/92	100	323.30	2698.93	2698.93	
	4	01/21/92	01/21/92	-3080.03	618.90	1		0	0.00	618.90	618.90	618.90
	9	01/25/92	01/25/92	796.00	1366.90	0	04/23/92	91	726.00	1366.90	1366.90	
	6	01/27/92	01/27/92	526.07	1892.97	0	04/23/92	91	526.07	1892.97	1892.97	
	5	01/27/92	01/27/93	4200.00	6092.97	0	04/23/92	91	4200.00	6092.97	6092.97	
	6	01/27/92	01/27/92	1230.72	7323.69	0	04/23/92	87	1230.72	7323.69	7323.69	
	5	02/06/92	02/06/92	1535.00	8858.69	0	04/23/92	77	1535.00	8858.69	8858.69	
	5	02/06/92	02/06/92	1916.00	10774.69	0	04/23/92	77	1916.00	10774.69	10774.69	
	5	02/27/92	02/27/93	0.00	10781.69	0	04/23/92	56	0.00	10781.69	10781.69	
	5	01/09/92	01/09/93	1500.00	12281.69	0	06/30/92	50	1500.00	12281.69	12281.69	
	5	01/06/92	01/06/93	156.75	12438.44	0	06/30/92	50	156.75	12438.44	12438.44	
	5	01/09/92	01/09/93	600.00	13038.44	0	06/30/92	50	600.00	13038.44	13038.44	
	3	01/15/92	01/15/92	487.47	13687.91	0	04/30/92	96	487.47	11487.91	11487.91	
	3	01/30/92	01/30/92	585.39	14941.30	0	06/30/92	59	585.39	11561.30	11561.30	
	5	04/01/92	04/01/92	60.25	15001.55	0	04/30/92	21	60.25	11501.55	11501.55	
	1	04/16/92	04/16/92	-533.86	14810.69	1		0	0.00	11070.69	11070.69	11070.69
	6	04/16/92	04/16/92	180.68	14189.37	0	06/30/92	12	180.68	11189.37	11189.37	
	3	04/23/92	04/23/92	-10729.56	3459.81	1		0	0.00	2459.81	2459.81	2459.81
	6	04/30/92	04/30/92	1513.25	4973.06	0	04/30/92	0	1513.25	3973.06	3973.06	
	6	04/30/92	04/30/92	-3973.06	1000.00	1		0	0.00	0.00		

*A number of expenses were paid by a credit card in the name of Carolyn Brody, who appears to be Ken Brody's spouse. However, reimbursements for these expenses were made to Ken Brody.

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Rte	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Run Contr Bal	W/S Excess Amount	W/S Exc Bal Aft Reimb
Korey Peal	2	09/21/91	09/21/91	19.00	19.00	5	10/14/91	23	0.00	1000.00		
	2	09/25/91	09/25/91	20.75	39.75	5	10/14/91	19	0.00	1000.00		
	2	09/26/91	09/26/91	15.00	54.75	5	10/14/91	18	0.00	1000.00		
	2	09/30/91	09/30/91	38.00	92.75	5	10/14/91	14	0.00	1000.00		
	3	10/04/91	10/04/91	29.00	107.75	5	10/14/91	10	0.00	1000.00		
	2	10/04/91	10/04/91	14.00	121.75	5	10/14/91	10	0.00	-1000.00		
	2	10/04/91	10/04/91	35.00	145.75	5	10/14/91	10	0.00	-1000.00		
	2	10/04/91	10/04/91	10.00	144.75	5	10/14/91	10	0.00	-1000.00		
	2	10/05/91	10/05/91	13.75	177.50	5	10/14/91	9	0.00	-1000.00		
	2	10/06/91	10/06/91	26.00	203.50	6	10/14/91	8	26.00	-974.00		
	2	10/07/91	10/07/91	12.00	215.50	5	10/14/91	7	0.00	-974.00		
	2	10/07/91	10/07/91	6.00	221.50	5	10/14/91	7	0.00	-974.00		
	2	10/07/91	10/07/91	12.00	233.50	5	10/14/91	7	0.00	-974.00		
	2	10/08/91	10/08/91	20.75	254.25	5	10/14/91	6	0.00	-974.00		
	2	10/09/91	10/09/91	9.50	263.75	6	10/14/91	5	9.50	-964.50		
	2	10/09/91	10/09/91	520.00	791.75	6	03/04/92	147	388.75	-575.75		
	2	10/10/91	10/10/91	10.00	801.75	6	03/04/92	146	10.00	-565.75		
	2	10/10/91	10/10/91	8.37	810.02	6	03/04/92	146	8.37	-557.00		
	2	10/10/91	10/10/91	5.00	815.02	5	03/04/92	146	5.00	-552.00		
	2	10/11/91	10/11/91	5.00	820.02	5	03/04/92	145	5.00	-547.00		
	3	10/12/91	10/12/91	23.00	843.02	5	03/04/92	144	23.00	-524.00		
	2	10/12/91	10/12/91	13.00	856.02	5	03/04/92	144	13.00	-501.00		
	2	10/13/91	10/13/91	19.75	875.77	5	03/04/92	143	19.75	-491.75		
	6	10/14/91	10/14/91	-403.00	472.77	1		0	0.00	-527.25		
	2	10/14/91	10/14/91	11.00	486.67	6	03/04/92	142	11.00	-513.33		
	2	10/14/91	10/14/91	13.00	499.67	5	03/04/92	142	13.00	-500.33		
	1	10/14/91	10/14/91	401.00	902.67	5	03/04/92	142	401.00	-97.33		
	2	10/15/91	10/15/91	12.00	914.67	5	03/04/92	141	12.00	-85.33		
	2	10/16/91	10/16/91	85.52	1000.19	6	03/04/92	140	85.52	0.19	0.19	
	2	10/19/91	10/19/91	6.00	1006.19	5	03/04/92	137	6.00	6.19	6.19	
	2	10/20/91	10/20/91	20.00	1026.19	5	03/04/92	136	20.00	26.19	26.19	
	2	10/21/91	10/21/91	6.00	1032.19	5	03/04/92	135	6.00	32.19	32.19	
	2	10/21/91	10/21/91	6.00	1038.19	5	03/04/92	135	6.00	38.19	38.19	
	2	10/22/91	10/22/91	31.00	1069.19	5	03/04/92	134	31.00	69.19	69.19	
	2	10/22/91	10/22/91	5.00	1074.19	5	03/04/92	134	5.00	74.19	74.19	
	2	10/22/91	10/22/91	12.00	1086.19	5	03/04/92	134	12.00	86.19	86.19	
	2	10/23/91	10/23/91	5.00	1091.19	5	03/04/92	133	5.00	91.19	91.19	
	2	10/23/91	10/23/91	13.00	1004.19	5	03/04/92	133	13.00	96.19	96.19	
	2	10/25/91	10/25/91	2.50	1098.69	5	03/04/92	131	2.50	98.69	98.69	
	2	10/26/91	10/26/91	6.00	1092.69	5	03/04/92	130	6.00	92.69	92.69	
	2	10/25/91	10/25/91	13.00	1105.69	5	03/04/92	131	13.00	105.69	105.69	
	2	11/01/91	11/01/91	31.60	1137.29	6	03/04/92	126	26.60	137.29	137.29	
	2	11/01/91	11/01/91	7.25	1130.54	5	03/04/92	126	7.25	130.54	130.54	
	2	11/01/91	11/01/91	9.00	1143.54	5	03/04/92	126	9.00	142.54	143.54	
	2	11/06/91	11/06/91	14.00	1157.54	5	03/04/92	119	14.00	157.54	157.50	
	2	11/07/91	11/07/91	58.00	1215.54	6	03/04/92	118	58.00	215.54	215.50	
	2	11/09/91	11/09/91	136.53	1352.07	5	03/04/92	116	136.53	352.07	352.03	
	2	11/10/91	11/10/91	6.18	1358.25	6	03/04/92	115	6.18	358.25	358.25	
	2	11/10/91	11/10/91	4.12	1362.37	6	03/04/92	115	4.12	362.37	362.37	
	2	11/11/91	11/11/91	23.00	1385.37	5	03/04/92	114	23.00	385.37	385.37	
	2	11/12/91	11/12/91	23.00	1408.37	5	03/04/92	113	23.00	408.37	408.37	
	2	11/14/91	11/14/91	17.50	1425.87	5	03/04/92	111	17.50	425.87	425.87	
	2	11/18/91	11/18/91	28.87	1454.74	6	03/04/92	107	28.87	454.74	454.74	
	2	11/19/91	11/19/91	25.76	1480.50	6	03/04/92	106	25.76	480.50	480.50	
	2	11/21/91	11/21/91	45.00	1525.50	6	03/04/92	104	45.00	525.50	525.50	
	2	11/21/91	11/21/91	48.00	1573.50	6	03/04/92	104	48.00	573.50	573.50	
	2	11/21/91	11/21/91	10.60	1604.10	6	03/04/92	104	30.60	604.10	604.10	

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Rep Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Run Contr Bal	W/S Express Amount	W/S Exc Bal Aft Reimb
Carey Paul	2	11/22/91	11/22/91	51.19	1651.69	4	01/04/92	101	51.19	651.69	651.69	
	2	11/22/91	11/22/91	51.19	-1709.28	4	01/04/92	101	51.19	709.28	709.28	
	2	11/22/91	11/22/91	48.39	1757.67	4	01/04/92	101	48.39	757.67	757.67	
	2	11/22/91	11/22/91	13.69	1771.36	4	01/04/92	101	13.69	771.36	771.36	
	2	11/23/91	11/23/91	37.64	1809.00	4	01/04/92	102	37.64	809.00	809.00	
	2	11/23/91	11/23/91	37.64	1846.64	4	01/04/92	102	37.64	846.64	846.64	
	2	11/26/91	11/26/91	156.48	2003.12	4	01/04/92	99	156.48	1003.12	1003.12	
	2	12/01/91	12/01/91	24.64	2019.76	4	01/04/92	94	16.64	1019.76	1019.76	
	2	12/02/91	12/02/91	10.85	2030.61	4	01/04/92	93	10.85	1030.61	1030.61	
	2	12/02/91	12/02/91	52.00	2086.61	5	01/04/92	93	52.00	1046.61	1086.61	
	2	12/03/91	12/03/91	6.00	2092.61	4	01/04/92	92	6.00	1052.61	1053.61	
	2	12/03/91	12/03/91	2.50	2095.11	5	01/04/92	92	2.50	1059.11	1055.11	
	2	12/05/91	12/05/91	4.00	2099.11	5	01/04/92	90	4.00	1059.11	1059.11	
	2	12/05/91	12/05/91	22.00	2081.11	5	01/04/92	90	22.00	1081.11	1081.11	
	2	12/05/91	12/05/91	8.00	2089.11	5	01/04/92	90	8.00	1089.11	1089.11	
	2	12/05/91	12/05/91	7.00	2096.11	5	01/04/92	90	7.00	1096.11	1024.11	
	2	12/05/91	12/05/91	6.00	2102.11	5	01/04/92	90	6.00	1102.11	1102.11	
	2	12/07/91	12/07/91	28.00	2130.11	5	01/04/92	88	28.00	1130.11	1130.11	
	2	12/08/91	12/08/91	11.91	2142.00	8	01/04/92	87	11.91	1142.00	1142.00	
	2	12/08/91	12/08/91	5.00	2147.00	5	01/04/92	87	5.00	1147.00	1147.00	
	2	12/10/91	12/10/91	61.26	2209.26	4	01/04/92	85	61.26	1209.26	1209.26	
	2	12/12/91	12/12/91	5.00	2214.26	5	01/04/92	83	5.00	1214.26	1214.26	
	2	12/16/91	12/16/91	12.13	2226.39	4	01/04/92	81	12.13	1226.39	1226.39	
	2	12/19/91	12/19/91	7.00	2233.39	5	01/04/92	80	7.00	1233.39	1233.39	
	2	12/16/91	12/16/91	25.70	2259.09	5	01/04/92	79	25.70	1258.09	1258.09	
	2	12/19/91	12/19/91	7.00	2265.09	5	01/04/92	77	7.00	1265.09	1265.09	
	2	12/19/91	12/19/91	64.99	2330.08	5	01/04/92	76	64.99	1330.08	1330.08	
	2	12/19/91	12/19/91	12.25	2361.33	5	01/04/92	76	12.25	1101.33	1361.33	
	2	12/19/91	12/20/91	6.25	2367.58	5	01/04/92	75	6.25	1367.58	1367.58	
	2	12/20/91	12/20/91	5.75	2373.33	5	01/04/92	75	5.75	1373.33	1373.33	
	2	12/20/91	12/20/91	10.00	2387.33	5	01/04/92	75	10.00	1387.33	1387.33	
	2	12/20/91	12/20/91	9.00	2396.65	5	01/04/92	75	9.00	1396.33	1396.33	
	2	12/20/91	12/20/91	55.00	2451.33	5	01/04/92	75	55.00	1451.33	1451.33	
	2	12/20/91	12/20/91	10.00	2665.33	5	01/04/92	75	10.00	1461.33	1065.33	
	2	12/21/91	12/21/91	6.25	2673.08	5	01/04/92	74	6.25	1472.08	1072.08	
	2	12/23/91	12/23/91	4.00	2678.08	5	01/04/92	72	4.00	1476.08	1076.08	
	2	12/24/91	12/24/91	4.00	2682.08	5	01/04/92	71	4.00	1480.08	1080.08	
	2	12/26/91	12/26/91	4.00	2686.08	5	01/04/92	71	4.00	1484.08	1090.08	
	2	12/26/91	12/26/91	6.00	2692.08	5	01/04/92	71	6.00	1490.08	1490.08	
	2	12/30/91	12/30/91	185.31	2675.39	4	01/04/92	69	185.31	1675.39	1675.39	
	2	12/30/91	12/30/91	97.63	2772.82	4	01/04/92	65	97.63	1773.82	1772.82	
	1	01/02/92	01/02/92	11.15	2784.77	4	01/04/92	62	11.15	1784.77	1784.77	
	1	01/05/92	01/05/92	154.18	3018.95	4	01/04/92	59	154.18	1938.95	1938.95	
	2	01/05/92	01/05/92	8.00	2946.95	5	01/01/92	59	8.00	1946.95	1946.95	
	2	01/06/92	01/06/92	5.00	2951.95	5	01/01/92	58	5.00	1951.95	1951.95	
	5	01/01/92	01/07/92	68.30	3039.75	4	01/04/92	57	68.30	2020.71	2020.71	
	2	01/07/92	01/07/92	8.00	3024.75	5	01/04/92	57	8.00	2024.71	2024.71	
	2	01/07/92	01/07/92	6.00	3030.75	5	01/04/92	57	6.00	2030.71	2030.71	
	2	01/07/92	01/07/92	5.00	3035.75	5	01/04/92	57	5.00	2035.71	2035.71	
	2	01/08/92	01/08/92	7.00	3042.75	5	01/04/92	56	7.00	2042.71	2042.71	
	2	01/09/92	01/09/92	6.00	3048.75	5	01/04/92	56	6.00	2048.71	2048.71	
	1	01/09/92	01/09/92	90.00	3138.75	4	01/04/92	55	90.00	2138.71	2138.71	
	1	01/10/92	01/10/92	4.25	3142.98	5	01/04/92	54	4.25	2142.96	2142.96	
	1	01/10/92	01/10/92	10.00	3152.98	5	01/04/92	54	10.00	2152.96	2152.96	
	1	01/10/92	01/10/92	4.50	3157.48	5	01/01/92	54	4.50	2157.46	2157.46	
	1	01/10/92	01/10/92	4.50	3161.98	5	01/04/92	54	4.50	2161.96	2161.96	

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Sup Cde	W/S Date Batch	W/S Dep O/S	W/S Contr Amt	W/S Run Contr Bal	W/S Encum Amount	W/S Enc Bal Aft Batch
Carey Paul	2	01/13/92	01/13/92	11.00	3132.98	5	01/04/92	91	11.00	3132.98	3132.98	
	2	01/14/92	01/14/92	9.00	3101.98	5	01/04/92	50	0.00	3101.98	3101.98	
	2	01/17/92	01/17/92	5.00	3106.98	5	01/04/92	41	5.00	3106.98	3106.98	
	2	01/18/92	01/18/92	6.98	3102.98	5	01/04/92	66	0.00	3101.98	3102.96	
	2	01/21/92	01/21/92	36.60	3229.38	4	01/04/92	61	36.60	3229.38	3229.38	
	2	01/23/92	01/23/92	5.00	3234.38	5	01/04/92	41	5.00	3234.38	3234.38	
	2	01/23/92	01/23/92	3.50	3237.88	5	01/04/92	61	3.50	3237.88	3237.88	
	2	01/24/92	01/24/92	6.12	3243.00	0	01/04/92	40	6.12	3243.50	3243.00	
	2	01/24/92	01/24/92	6.18	3366.18	4	01/04/92	40	6.18	3368.18	3368.18	
	2	01/24/92	01/24/92	6.12	3292.30	4	01/04/92	40	6.12	3293.30	3293.30	
	2	01/24/92	01/24/92	4.12	3296.42	4	01/04/92	40	4.12	3296.42	3296.42	
	2	01/24/92	01/24/92	6.12	3300.54	4	01/04/92	40	4.12	3300.54	3369.54	
	2	01/25/92	01/24/92	6.58	3306.72	4	01/04/92	40	6.18	3306.72	3306.72	
	2	01/24/92	01/24/92	16.48	3303.20	4	01/04/92	40	16.48	3303.20	3303.20	
	2	01/24/92	01/24/92	6.36	3309.36	4	01/04/92	66	6.16	3309.36	3309.36	
	2	01/22/92	01/24/92	6.18	3295.36	4	01/04/92	40	6.18	3295.54	3295.54	
	2	01/24/92	01/24/92	6.18	3301.74	4	01/04/92	46	6.18	3301.74	3301.74	
	2	01/24/92	01/24/92	6.18	3307.92	4	01/04/92	40	6.18	3307.92	3307.92	
	2	01/24/92	01/24/92	14.38	3322.30	4	01/04/92	40	14.38	3322.30	3322.30	
	2	01/24/92	01/24/92	4.00	3326.30	5	01/04/92	40	4.00	3326.30	3326.30	
	2	01/24/92	01/24/92	7.00	3333.30	5	01/04/92	40	7.00	3333.30	3333.30	
	2	01/24/92	01/24/92	7.00	3340.30	5	01/04/92	40	7.00	3340.30	3340.30	
	2	01/24/92	01/24/92	290.87	3591.17	4	01/04/92	40	0.00	3360.30	3360.30	
	2	01/25/92	01/25/92	34.21	3625.38	4	01/04/92	39	34.21	3374.51	3374.51	
	2	01/25/92	01/25/92	11.00	3636.38	5	01/04/92	39	11.06	3385.51	3385.51	
	2	01/25/92	01/25/92	7.00	3643.38	5	01/04/92	39	7.00	3392.51	3392.51	
	2	01/25/92	01/25/92	5.00	3648.38	5	01/04/92	39	5.00	3397.51	3397.51	
	2	01/26/92	01/26/92	95.60	3734.98	4	01/04/92	38	82.60	2480.11	2480.11	
	2	01/26/92	01/26/92	129.74	3864.72	0	01/04/92	38	129.74	2611.85	2611.85	
	2	01/26/92	01/26/92	4.00	3870.72	0	01/04/92	38	4.00	2615.85	2615.85	
	2	01/27/92	01/27/92	5.50	3876.22	0	01/04/92	37	5.50	2621.39	2621.35	
	2	01/27/92	01/27/92	109.24	3985.46	4	01/04/92	37	109.24	2731.59	2731.59	
	2	01/28/92	01/28/92	6.00	3988.46	5	01/04/92	36	6.00	2737.59	2737.59	
	2	01/30/92	01/30/92	131.55	4120.01	4	01/04/92	36	131.55	2869.14	2869.14	
	2	01/30/92	01/30/92	19.40	4139.41	4	01/04/92	36	19.40	2888.54	2888.54	
	2	01/30/92	01/30/92	427.78	4567.19	4	01/04/92	36	427.78	3316.30	3316.30	
	2	01/30/92	01/30/92	3.25	4570.44	5	01/04/92	36	3.25	3319.55	3319.55	
	2	01/31/92	01/31/92	7.00	4577.44	5	01/04/92	35	7.00	3326.55	3326.55	
	2	02/01/92	02/01/92	4.00	4581.44	5	01/04/92	34	4.00	3330.55	3330.55	
	2	02/02/92	02/02/92	6.50	4587.94	5	01/04/92	33	6.50	3337.05	3337.05	
	2	02/02/92	02/02/92	4.00	4591.94	5	01/04/92	33	4.00	3341.05	3341.05	
	2	02/01/92	02/01/92	40.18	4632.12	4	01/04/92	30	40.18	3381.23	3381.23	
	2	02/01/92	02/01/92	0.00	4632.12	5	01/04/92	30	0.00	3381.23	3381.23	
	2	02/04/92	02/04/92	31.40	4667.52	4	01/04/92	29	31.40	3412.63	3412.63	
	2	02/04/92	02/04/92	5.00	4672.52	5	01/04/92	29	0.00	3412.63	3412.63	
	2	02/04/92	02/04/92	48.55	4721.05	4	01/04/92	27	48.55	3461.18	3461.18	
	2	02/04/92	02/04/92	48.55	4769.60	4	01/04/92	27	48.55	3509.73	3509.73	
	2	02/04/92	02/04/92	7.00	4776.60	5	01/04/92	27	0.00	3509.73	3509.73	
	2	02/07/92	02/07/92	6.00	4782.60	5	01/04/92	26	0.00	3509.73	3509.73	
	2	02/07/92	02/07/92	6.00	4788.60	5	01/04/92	26	0.00	3509.73	3509.73	
	2	02/08/92	02/08/92	22.70	4809.30	4	01/04/92	25	22.70	3532.43	3532.43	
	2	02/09/92	02/09/92	43.25	4852.55	4	01/04/92	24	43.25	3575.68	3575.68	
	1	02/11/92	02/11/92	161.59	5013.14	4	01/04/92	22	161.59	3737.27	3737.27	
	1	02/12/92	02/12/92	119.00	5132.14	4	01/04/92	21	119.00	3856.05	3856.05	
	1	02/12/92	02/12/92	24.96	5158.14	4	01/04/92	21	24.96	3881.25	3881.25	
	2	02/12/92	02/12/92	4.11	5162.25	4	01/04/92	21	4.11	3885.36	3885.36	

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S G/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Run Contr Bal	W/S Garage Amount	W/S Sec Def Aft Reimb
Carey Paul	1	02/11/92	02/11/92	3.35	5165.57	5	01/00/00	30	0.00	5005.00	5005.00	
	5	02/11/92	02/11/92	795.78	5557.35	6	05/05/92	87	761.77	5660.67	5660.67	
	2	02/15/92	02/15/92	536.85	6532.20	6	05/05/92	88	574.01	5221.65	5221.65	
	1	02/16/92	02/16/92	30.06	6561.15	6	05/05/92	79	29.06	5251.51	5251.51	
	1	02/17/92	02/17/92	30.35	6591.50	6	05/05/92	78	30.35	5281.86	5281.86	
	2	02/17/92	02/17/92	29.06	6620.56	6	05/05/92	78	29.06	5311.92	5311.92	
	1	02/17/92	02/17/92	30.35	6650.91	6	05/05/92	78	30.35	5342.27	5342.27	
	2	02/19/92	02/19/92	5.00	6655.91	5	05/05/92	76	5.00	5347.27	5347.27	
	2	02/20/92	02/20/92	97.30	6753.21	6	05/05/92	75	97.30	5444.57	5444.57	
	1	02/21/92	02/21/92	4.22	6757.43	6	05/05/92	74	4.22	5448.79	5448.79	
	1	02/21/92	02/21/92	13.26	6770.69	6	05/05/92	74	13.26	5462.05	5462.05	
	1	02/25/92	02/25/92	200.00	6970.69	6	05/05/92	70	200.00	5662.05	5662.05	
	1	02/26/92	02/26/92	284.00	7254.69	6	05/05/92	69	284.00	5946.05	5946.05	
	5	02/27/92	02/27/92	6.50	7260.87	6	05/05/92	68	6.50	5952.23	5952.23	
	1	02/27/92	02/27/92	6.18	7267.05	6	05/05/92	68	6.18	5958.41	5958.41	
	1	02/27/92	02/27/92	32.60	7299.65	6	05/05/92	68	32.60	5991.01	5991.01	
	1	02/27/92	02/27/92	6.18	7305.83	6	05/05/92	68	6.18	5997.19	5997.19	
	1	02/27/92	02/27/92	6.18	7312.01	6	05/05/92	68	6.18	6003.37	6003.37	
	1	02/27/92	02/27/92	11.00	7323.01	5	05/05/92	68	11.00	6014.37	6014.37	
	1	02/27/92	02/27/92	6.00	7329.01	5	05/05/92	68	6.00	6020.37	6020.37	
	1	02/27/92	02/27/92	9.00	7338.01	5	05/05/92	68	9.00	6029.37	6029.37	
	1	02/27/92	02/27/92	12.00	7350.01	5	05/05/92	68	12.00	6041.37	6041.37	
	1	02/27/92	02/27/92	12.00	7362.01	5	05/05/92	68	12.00	6053.37	6053.37	
	1	02/27/92	02/27/92	9.00	7371.01	5	05/05/92	68	9.00	6062.37	6062.37	
	1	02/27/92	02/27/92	11.17	7382.18	5	05/05/92	68	11.17	6073.54	6073.54	
	1	02/27/92	02/27/92	296.59	7578.77	6	05/05/92	68	196.59	6270.13	6270.13	
	1	02/27/92	02/27/92	15.37	7594.14	6	05/05/92	68	15.37	6285.50	6285.50	
	1	02/28/92	02/28/92	34.00	7628.14	6	05/05/92	67	35.00	6320.50	6320.50	
	1	02/29/92	02/29/92	37.60	7664.34	6	05/05/92	66	37.60	6358.10	6358.10	
	2	03/04/92	03/04/92	-5190.66	2473.70	1		0	0.00	1632.70	1632.70	1637.70
	1	03/04/92	03/04/92	7.00	2479.70	5	05/05/92	62	7.00	1639.70	1639.70	
	1	03/06/92	03/06/92	29.77	2509.47	5	05/05/92	58	33.77	1903.47	1903.47	
	1	03/09/92	03/09/92	16.15	2525.62	5	05/05/92	57	16.15	1919.62	1919.62	
	1	03/09/92	03/09/92	36.65	2556.27	6	05/05/92	57	36.65	1956.27	1956.27	
	1	03/09/92	03/09/92	26.65	2578.92	6	05/05/92	57	26.65	1978.92	1978.92	
	1	03/09/92	03/09/92	6.25	2585.17	5	05/05/92	57	6.25	1985.17	1985.17	
	1	03/09/92	03/09/92	10.00	2595.17	6	05/05/92	57	0.00	1985.17	1985.17	
	1	03/10/92	03/10/92	30.70	2625.87	6	05/05/92	56	30.70	1615.87	1615.87	
	1	03/10/92	03/10/92	6.10	2636.05	6	05/05/92	56	6.10	1626.05	1626.05	
	1	03/10/92	03/10/92	6.11	2640.17	6	05/05/92	56	6.12	1630.17	1630.17	
	1	03/10/92	03/10/92	0.36	2640.61	6	05/05/92	56	0.36	1630.61	1630.61	
	1	03/10/92	03/10/92	14.42	2662.03	6	05/05/92	56	14.42	1652.03	1652.03	
	1	03/10/92	03/10/92	6.10	2669.01	6	05/05/92	56	6.10	1659.01	1659.01	
	1	03/10/92	03/10/92	16.08	2685.09	6	05/05/92	56	16.08	1675.09	1675.09	
	1	03/10/92	03/10/92	4.02	2689.61	6	05/05/92	56	4.52	1679.61	1679.61	
	1	03/10/92	03/10/92	6.10	2695.79	6	05/05/92	56	6.10	1685.79	1685.79	
	1	03/10/92	03/10/92	12.36	2708.15	6	05/05/92	56	12.36	1698.15	1698.15	
	1	03/10/92	03/10/92	6.18	2714.33	6	05/05/92	56	6.18	1704.33	1704.33	
	1	03/10/92	03/10/92	16.48	2730.81	6	05/05/92	56	16.48	1720.81	1720.81	
	1	03/11/92	03/11/92	0.24	2731.05	6	05/05/92	55	0.24	1721.05	1721.05	
	1	03/11/92	03/11/92	6.18	2737.23	6	05/05/92	55	6.18	1727.23	1727.23	
	1	03/11/92	03/11/92	6.18	2743.41	6	05/05/92	55	6.18	1733.41	1733.41	
	1	03/11/92	03/11/92	6.18	2749.59	6	05/05/92	55	6.18	1739.59	1739.59	
	1	03/11/92	03/11/92	6.18	2755.77	6	05/05/92	55	6.18	1745.77	1745.77	
	1	03/11/92	03/11/92	10.30	2766.07	6	05/05/92	55	10.30	1756.07	1756.07	
	1	03/11/92	03/11/92	0.12	2766.19	6	05/05/92	55	0.12	1756.19	1756.19	
	1	03/11/92	03/11/92	0.24	2766.43	6	05/05/92	55	0.24	1756.43	1756.43	
	1	03/11/92	03/11/92	0.24	2766.67	6	05/05/92	55	0.24	1756.67	1756.67	

W/S Name	W/S Vch No	W/S Cost Inc Date	W/S Cost Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Batch	W/S Day O/S	W/S Contr Amts	W/S Own Contr Bal	W/S Excess Amount	W/S Exc Bal Aft Deamb
Casey Paul	1	01/11/92	01/11/92	6.50	2001.11	5	05/05/92	55	6.50	1791.11	1791.11	
	1	01/11/92	01/11/92	17.00	2018.11	5	05/05/92	55	17.00	1808.11	1808.11	
	1	01/11/92	01/11/92	115.00	2611.61	6	05/05/92	55	0.00	1808.11	0306.11	
	1	01/15/92	01/15/92	4.12	2015.73	6	05/05/92	51	4.12	1812.29	2812.29	
	1	01/16/92	01/16/92	5.50	2021.23	5	05/05/92	50	5.50	1817.79	2817.79	
	1	01/16/92	01/16/92	5.50	2044.73	5	05/05/92	48	5.50	1823.29	2823.29	
	1	01/18/92	01/18/92	2.75	2049.48	5	05/05/92	48	2.75	1826.04	1826.04	
	1	01/19/92	01/19/92	3.50	2052.98	5	05/05/92	47	3.50	1829.54	1829.54	
	1	01/19/92	01/19/92	4.25	2057.23	5	05/05/92	47	4.25	1833.79	1833.79	
	1	01/20/92	01/20/92	11.00	2068.23	6	05/05/92	46	11.00	1845.19	1845.19	
	1	01/20/92	01/20/92	31.03	2000.25	6	05/05/92	46	31.03	1876.82	1876.82	
	1	01/26/92	01/30/92	6.00	2006.26	5	05/05/92	46	6.00	1882.82	1882.82	
	1	01/21/92	01/21/92	5.25	2011.51	5	05/05/92	45	5.25	1890.07	1860.07	
	1	01/21/92	01/21/92	6.25	2017.76	5	05/05/92	45	6.25	1894.32	1894.32	
	1	01/21/92	01/21/92	9.00	2026.76	5	05/05/92	45	9.00	1903.32	1903.32	
	1	01/21/92	01/21/92	7.25	2034.01	5	05/05/92	45	7.25	1910.57	1910.57	
	1	01/21/92	01/21/92	6.75	2030.76	5	05/05/92	45	6.75	1915.32	1915.32	
	1	01/21/92	01/21/92	6.50	2043.26	5	05/05/92	45	6.50	1919.82	1919.83	
	1	01/22/92	01/22/92	2.25	2045.51	5	05/05/92	44	2.25	1922.07	1922.07	
	1	01/22/92	01/22/92	107.50	2153.01	6	05/05/92	43	107.50	2029.57	2029.57	
	1	01/22/92	01/22/92	6.75	2159.76	5	05/05/92	43	6.75	2036.32	2036.32	
	1	01/22/92	01/22/92	0.00	2167.76	5	05/05/92	43	0.00	2040.32	2040.32	
	1	01/23/92	01/23/92	2.25	2170.01	5	05/05/92	43	2.25	2046.57	2046.57	
	1	01/24/92	01/24/92	9.50	2179.51	5	05/05/92	42	9.50	2056.07	2056.07	
	1	01/24/92	01/24/92	6.25	2185.76	5	05/05/92	42	6.25	2062.32	2062.32	
	1	01/25/92	01/25/92	21.00	2206.76	6	05/05/92	41	21.00	2083.32	2083.32	
	1	01/29/92	01/29/92	4.50	2211.26	5	05/05/92	41	4.50	2087.82	2087.82	
	1	01/25/92	01/25/92	4.50	2215.76	5	05/05/92	41	4.50	2092.32	2092.32	
	1	01/25/92	01/25/92	1.50	2216.26	5	05/05/92	41	1.50	2093.82	2093.82	
	1	01/25/92	01/25/92	6.25	2224.51	5	05/05/92	41	6.25	2101.07	2101.07	
	1	01/25/92	01/25/92	7.75	2232.26	5	05/05/92	41	7.75	2108.82	2108.82	
	1	01/25/92	01/25/92	2.75	2235.01	5	05/05/92	41	2.75	2111.57	2111.57	
	1	01/26/92	01/26/92	10.00	2245.01	6	05/05/92	40	10.00	2121.57	2121.57	
	1	01/26/92	01/26/92	15.75	2260.76	5	05/05/92	40	15.75	2137.32	2137.32	
	1	01/27/92	01/27/92	6.75	2267.51	5	05/05/92	39	6.75	2144.07	2144.07	
	1	01/27/92	01/27/92	3.50	2271.01	5	05/05/92	39	3.50	2147.57	2147.57	
	1	01/27/92	01/27/92	7.75	2278.76	5	05/05/92	39	7.75	2155.32	2155.32	
	1	01/28/92	01/28/92	8.00	2286.76	5	05/05/92	38	8.00	2163.32	2163.32	
	1	01/28/92	01/28/92	4.25	2291.02	5	05/05/92	38	4.25	2167.57	2167.57	
	1	01/28/92	01/28/92	9.00	2300.01	5	05/05/92	38	9.00	2176.57	2176.57	
	1	01/29/92	01/29/92	0.50	2300.51	6	05/05/92	37	0.00	2176.57	2176.57	
	1	01/30/92	01/30/92	10.00	2310.51	5	05/05/92	36	10.00	2186.57	2186.57	
	1	01/30/92	01/30/92	7.00	2325.51	5	05/05/92	36	7.00	2193.57	2193.57	
	1	02/01/92	02/01/92	92.79	2418.30	6	05/05/92	34	92.79	2286.36	2286.36	
	1	02/01/92	02/01/92	6.25	2424.55	5	05/05/92	34	6.25	2292.61	2292.61	
	1	02/01/92	02/01/92	5.50	2429.85	5	05/05/92	34	5.50	2298.11	2298.11	
	1	02/01/92	02/01/92	6.25	2436.10	5	05/05/92	34	6.25	2304.36	2304.36	
	1	02/02/92	02/02/92	6.25	2442.35	5	05/05/92	33	6.25	2310.61	2310.61	
	1	02/02/92	02/02/92	5.50	2447.85	5	05/05/92	33	5.50	2316.11	2316.11	
	1	02/02/92	02/02/92	6.50	2454.35	5	05/05/92	33	6.50	2322.61	2322.61	
	1	02/05/92	02/05/92	0.25	2457.60	5	05/05/92	30	0.00	2322.61	2322.61	
	1	02/05/92	02/05/92	5.00	2462.60	5	05/05/92	30	0.00	2322.61	2322.61	
	1	02/05/92	02/05/92	4.00	2466.60	5	05/05/92	30	0.00	2322.61	2322.61	
	1	02/06/92	02/06/92	1.75	2470.35	5	05/05/92	29	0.00	2322.61	2322.61	
	1	02/06/92	02/06/92	4.25	2474.60	5	05/05/92	29	0.00	2322.61	2322.61	
	1	02/06/92	02/06/92	3.56	2477.10	5	05/05/92	29	0.00	2322.61	2322.61	
	1	02/06/92	02/06/92	1.50	2480.60	5	05/05/92	29	0.00	2322.61	2322.61	

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W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Batch	W/S Day O/S	W/S Contr Amts	W/S Run Contr Bal	W/S Excess Amount	W/S Cur Mon Aft Reimb
Corey Paul	1	04/01/92	04/01/92	7.00	9401.60	5	05/05/92	28	0.00	2121.61	2121.61	
	1	04/08/92	04/08/92	10.25	9391.85	5	05/05/92	27	0.00	2121.61	2121.61	
	1	04/08/92	04/08/92	7.50	9505.35	5	05/05/92	27	0.00	2121.61	2121.61	
	1	04/09/92	04/09/92	5.00	9510.35	5	05/05/92	26	0.00	2121.61	2121.61	
	1	04/10/92	04/10/92	50.55	9564.90	4	05/05/92	25	54.55	2177.16	2177.16	
	1	04/10/92	04/10/92	4.75	9569.65	4	05/05/92	25	4.75	2181.91	2181.91	
	1	04/10/92	04/10/92	4.50	9574.15	5	05/05/92	25	0.00	2181.91	2181.91	
	1	04/10/92	04/10/92	7.00	9581.15	5	05/05/92	25	0.00	2181.91	2181.91	
	1	04/10/92	04/10/92	2.75	9583.90	5	05/05/92	25	0.00	2181.91	2181.91	
	1	04/11/92	04/11/92	3.06	9589.78	4	05/05/92	24	3.88	2185.79	2185.79	
	1	04/13/92	04/13/92	8.00	9597.78	5	05/05/92	22	0.00	2185.79	2185.79	
	1	04/13/92	04/13/92	6.00	9603.78	5	05/05/92	22	0.00	2185.79	2185.79	
	1	04/14/92	04/14/92	4.50	9608.28	5	05/05/92	21	0.00	2185.79	2185.79	
	1	04/15/92	04/15/92	18.01	9626.29	4	05/05/92	20	15.91	2401.80	2401.80	
	1	04/15/92	04/15/92	16.00	9642.29	5	05/05/92	20	0.00	2401.80	2401.80	
	1	04/16/92	04/16/92	156.10	9798.67	4	05/05/92	19	156.10	2557.90	2557.90	
	1	04/17/92	04/17/92	10.04	9808.91	4	05/05/92	18	10.04	2568.02	2568.02	
	1	04/18/92	04/18/92	19.00	9827.91	4	05/05/92	17	19.00	2587.02	2587.02	
	1	04/19/92	04/19/92	21.00	9848.91	4	05/05/92	16	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	5.00	9853.91	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	3.75	9857.25	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	6.50	9861.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	3.50	9865.26	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	23.50	9888.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	0.00	9888.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	5.00	9893.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	10.00	9903.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	5.00	9910.76	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/20/92	04/20/92	3.25	9914.01	5	05/05/92	15	0.00	2587.02	2587.02	
	1	04/21/92	04/21/92	5.25	9919.26	5	05/05/92	14	0.00	2587.02	2587.02	
	1	04/22/92	04/22/92	6.12	9925.38	4	05/05/92	13	6.12	2593.14	2593.14	
	1	04/22/92	04/22/92	30.00	9956.06	4	07/20/92	93	30.00	2623.02	2623.02	
	1	04/22/92	04/22/92	5.75	9961.81	5	07/20/92	93	5.75	2620.57	2620.57	
	1	04/22/92	04/22/92	7.50	9969.31	5	07/20/92	93	7.50	2637.07	2637.07	
	1	04/23/92	04/23/92	65.75	9835.06	4	07/20/92	92	65.75	2702.82	2702.82	
	1	04/23/92	04/23/92	7.00	9842.06	5	07/20/92	92	7.00	2709.82	2709.82	
	1	04/24/92	04/24/92	48.00	9890.06	5	07/20/92	91	48.00	2757.82	2757.82	
	1	04/24/92	04/24/92	6.00	9896.06	5	07/20/92	91	6.00	2763.82	2763.82	
	1	04/24/92	04/24/92	3.25	9899.31	5	07/20/92	91	3.25	2767.07	2767.07	
	1	04/24/92	04/24/92	5.25	9904.56	5	07/20/92	91	5.25	2772.32	2772.32	
	1	04/24/92	04/24/92	11.25	9915.81	5	07/20/92	91	11.25	2783.57	2783.57	
	1	04/24/92	04/24/92	3.25	9919.06	5	07/20/92	91	3.25	2786.82	2786.82	
	1	04/25/92	04/25/92	4.25	9923.31	5	07/20/92	90	4.25	2791.07	2791.07	
	1	04/25/92	04/25/92	14.50	9937.81	5	07/20/92	90	14.50	2805.57	2805.57	
	1	04/25/92	04/25/92	2.00	9939.81	5	07/20/92	90	2.00	2807.57	2807.57	
	1	04/26/92	04/26/92	6.75	9946.56	5	07/20/92	89	6.75	2814.32	2814.32	
	1	04/26/92	04/26/92	7.00	9953.56	5	07/20/92	89	7.00	2821.32	2821.32	
	1	04/26/92	04/26/92	6.50	9960.06	5	07/20/92	89	6.50	2827.82	2827.82	
	1	04/27/92	04/27/92	13.00	9973.06	4	07/20/92	88	13.00	2840.82	2840.82	
	1	04/27/92	04/27/92	9.00	9982.06	4	07/20/92	88	9.00	2849.82	2849.82	
	1	04/27/92	04/27/92	13.00	9995.06	4	07/20/92	88	13.00	2862.82	2862.82	
	1	04/29/92	04/29/92	4.75	9100.81	5	07/20/92	86	4.75	2867.57	2867.57	
	1	04/29/92	04/29/92	3.75	9804.56	5	07/20/92	86	1.75	2871.32	2871.32	
	1	04/29/92	04/29/92	5.75	9809.31	5	07/20/92	86	5.75	2877.07	2877.07	
	1	04/29/92	04/29/92	4.75	9814.06	5	07/20/92	86	4.75	2881.82	2881.82	
	1	04/29/92	04/29/92	2.25	9816.31	5	07/20/92	86	2.25	2884.07	2884.07	
	1	04/29/92	04/29/92	5.75	9822.06	5	07/20/92	86	5.75	2889.82	2889.82	

W/S Name	W/S Trk No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cds	W/S Date Reimb	W/S Day O/S	W/S Contr Accts	W/S Num Contr Bal	W/S Excess Amount	W/S Exc Bal Aft Reimb
Carey Paul	4	04/29/92	04/29/92	145.60	4367.66	4	07/24/92	86	145.60	1015.82	1015.82	
	4	05/01/92	05/01/92	49.00	-0616.66	4	07/24/92	83	49.00	1064.82	1064.82	
	4	05/01/92	05/01/92	49.00	4656.66	4	07/24/92	84	49.00	1113.82	1113.82	
	4	05/03/92	05/03/92	15.82	4671.68	5	07/24/92	82	15.84	1129.66	1129.66	
	4	05/03/92	05/03/92	3.50	4675.18	5	07/24/92	82	3.50	1132.96	1132.96	
	1	05/05/92	05/05/92	-3932.00	743.18	1		0	0.00	-656.82		
	4	05/05/92	05/05/92	249.75	792.93	4	07/24/92	80	249.75	-207.07		
	4	05/05/92	05/05/92	4.00	796.93	5	07/24/92	80	4.00	-203.07		
	4	05/05/92	05/05/92	7.25	804.18	5	07/24/92	80	7.25	-195.82		
	4	05/05/92	05/05/92	7.50	811.68	5	07/24/92	80	7.50	-188.32		
	4	05/06/92	05/06/92	5.50	815.18	5	07/24/92	79	5.50	-184.82		
	4	05/06/92	05/06/92	3.75	818.93	5	07/24/92	79	3.75	-181.07		
	4	05/07/92	05/07/92	4.00	822.93	5	07/24/92	78	4.00	-177.07		
	4	05/07/92	05/07/92	416.94	1239.87	6	07/24/92	78	416.94	239.87	239.87	
	4	05/08/92	05/08/92	36.50	1276.37	4	07/24/92	77	36.50	276.37	276.37	
	4	05/08/92	05/08/92	54.46	1330.83	4	07/24/92	77	54.46	330.83	330.83	
	4	05/08/92	05/08/92	0.00	1332.83	5	07/24/92	77	0.00	332.83	332.83	
	4	05/08/92	05/08/92	5.25	1338.08	5	07/24/92	77	5.25	338.08	338.08	
	4	05/08/92	05/08/92	5.25	1343.33	5	07/24/92	77	5.25	343.33	343.33	
	4	05/09/92	05/09/92	3.00	1346.33	5	07/24/92	76	3.00	346.33	346.33	
	4	05/09/92	05/09/92	6.00	1352.33	5	07/24/92	76	6.00	352.33	352.33	
	4	05/09/92	05/09/92	193.80	1546.13	6	07/24/92	76	193.80	546.13	546.13	
	4	05/11/92	05/11/92	3.25	1549.38	5	07/24/92	74	3.25	549.38	549.38	
	4	05/12/92	05/12/92	7.00	1556.38	5	07/24/92	73	7.00	556.38	556.38	
	4	05/12/92	05/12/92	6.25	1562.63	5	07/24/92	72	6.25	562.63	562.63	
	4	05/14/92	05/14/92	7.50	1570.13	5	07/24/92	71	7.50	570.13	570.13	
	4	05/15/92	05/15/92	84.54	1654.67	4	07/24/92	70	84.54	654.67	654.67	
	4	05/15/92	05/15/92	6.75	1661.42	5	07/24/92	70	6.75	661.42	661.42	
	4	05/17/92	05/17/92	38.60	1700.02	4	07/24/92	68	38.60	700.02	700.02	
	4	05/17/92	05/17/92	17.60	1717.62	4	07/24/92	68	17.60	717.62	717.62	
	4	05/17/92	05/17/92	99.39	1817.01	4	07/24/92	68	99.39	817.01	817.01	
	4	05/17/92	05/17/92	30.55	1847.56	4	07/24/92	68	30.55	847.56	847.56	
	4	05/17/92	05/17/92	90.93	1938.49	4	07/24/92	68	90.93	938.49	938.49	
	4	05/17/92	05/17/92	232.84	2161.33	6	07/24/92	68	232.84	1161.33	1161.33	
	4	05/17/92	05/17/92	92.00	2253.33	5	07/24/92	68	92.00	1253.33	1253.33	
	4	05/18/92	05/18/92	65.53	2318.86	4	07/24/92	67	65.53	1318.86	1318.86	
	4	05/19/92	05/19/92	5.75	2324.61	5	07/24/92	66	5.75	1324.61	1324.61	
	4	05/19/92	05/19/92	7.25	2331.86	5	07/24/92	66	7.25	1331.86	1331.86	
	4	05/20/92	05/20/92	80.74	2412.60	6	07/24/92	65	80.74	1412.60	1412.60	
	4	05/20/92	05/20/92	4.25	2416.85	5	07/24/93	65	4.25	1416.85	1416.85	
	4	05/21/92	05/21/92	4.10	2425.61	4	07/24/92	62	4.10	1425.01	1425.01	
	4	05/21/92	05/21/92	4.12	2429.15	4	07/24/92	62	4.12	1429.15	1429.15	
	4	05/21/92	05/21/92	8.24	2437.39	4	07/24/92	62	8.24	1437.39	1437.39	
	4	05/21/92	05/21/92	330.60	2767.39	6	07/24/92	62	330.00	1767.39	1767.39	
	4	05/22/92	05/22/92	4.50	2771.89	5	07/24/92	61	4.50	1771.89	1771.89	
	4	05/25/92	05/25/92	6.00	2777.89	5	07/24/92	58	6.00	1777.89	1777.89	
	4	05/26/92	05/26/92	6.75	2784.64	5	07/24/92	58	6.75	1784.64	1784.64	
	4	05/26/92	05/26/92	6.25	2790.89	5	07/24/92	58	6.25	1790.89	1790.89	
	4	05/27/92	05/27/92	5.75	2796.64	5	07/24/92	58	5.75	1796.64	1796.64	
	4	05/27/92	05/27/92	3.75	2780.39	5	07/24/92	58	3.75	1780.39	1780.39	
	4	05/27/92	05/27/92	616.00	3016.39	7		0	616.00	2016.39	2016.39	
	4	05/28/92	05/28/92	21.22	3037.61	4	07/24/92	57	21.22	2037.61	2037.61	
	4	05/28/92	05/28/92	7.00	3044.61	5	07/24/92	57	7.00	2044.61	2044.61	
	4	05/28/92	05/28/92	6.50	3051.11	5	07/24/92	57	6.50	2051.11	2051.11	
	4	05/29/92	05/29/92	5.75	3056.86	5	07/24/92	56	5.75	2056.86	2056.86	
	4	05/29/92	05/29/92	11.50	3068.36	5	07/24/92	56	11.50	2068.36	2068.36	

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Dep Code	W/S Date Relsb	W/S Day O/S	W/S Contr Amts	W/S Sum Contr Bal	W/S Excess Amount	W/S Sec Bal Aft Relsb
Casey Paul	4	05/31/92	05/31/92	40.30	3500.66	4	07/24/92	54	40.30	3500.66	3500.66	
	4	05/31/92	05/31/92	40.29	-3499.95	4	07/24/92	54	40.29	3500.95	3500.95	
	4	05/31/92	05/31/92	100.95	3701.90	4	07/24/92	54	100.95	3701.90	3701.90	
	4	05/31/92	05/31/92	29.75	3701.65	4	07/24/92	54	29.75	3701.65	3701.65	
	4	05/31/92	05/31/92	50.95	3702.60	4	07/24/92	54	50.95	3702.60	3702.60	
	4	05/31/92	05/31/92	40.60	3833.20	4	07/24/92	54	40.60	3833.20	3833.20	
	4	05/31/92	05/31/92	30.65	3861.65	4	07/24/92	54	30.65	3861.65	3861.65	
	4	05/31/92	05/31/92	37.60	3901.25	4	07/24/92	54	37.60	3901.25	3901.25	
	4	05/31/92	05/31/92	30.55	3931.80	4	07/24/92	54	30.55	3931.80	3931.80	
	4	05/31/92	05/31/92	30.55	3962.35	4	07/24/92	54	30.55	3962.35	3962.35	
	4	05/31/92	05/31/92	73.65	4036.00	4	07/24/92	54	73.65	3936.00	3936.00	
	4	06/01/92	06/01/92	3.75	4039.75	5	07/24/92	54	3.75	3939.75	3939.75	
	4	06/01/92	06/01/92	7.25	4047.00	5	07/24/92	53	7.25	3947.00	3947.00	
	4	06/01/92	06/01/92	4.50	4051.50	5	07/24/92	53	4.50	3951.50	3951.50	
	4	06/02/92	06/02/92	5.25	4056.75	5	07/24/92	52	5.25	3956.75	3956.75	
	4	06/03/92	06/03/92	109.00	4165.75	4	07/24/92	51	109.00	3165.75	3165.75	
	4	06/03/92	06/03/92	5.00	4170.75	5	07/24/92	51	5.00	3170.75	3170.75	
	4	06/03/92	06/03/92	5.75	4176.50	5	07/24/92	51	5.75	3176.50	3176.50	
	4	06/07/92	06/07/92	128.00	4304.50	5	07/24/92	47	128.00	3304.50	3304.50	
	4	06/07/92	06/07/92	293.60	4598.10	6	07/24/92	47	0.00	3304.50	3304.50	
	4	06/11/92	06/11/92	20.50	4618.60	5	07/24/92	43	20.50	3325.00	3325.00	
	4	06/16/92	06/16/92	29.25	4647.85	6	07/24/92	38	29.25	3354.25	3354.25	
	4	06/16/92	06/16/92	0.25	4614.10	6	07/24/92	38	0.00	3354.25	3354.25	
	4	06/19/92	06/19/92	36.69	4648.87	6	07/24/92	35	36.69	3390.94	3390.94	
	4	06/19/92	06/19/92	35.90	4683.87	6	07/24/92	35	35.90	3423.94	3423.94	
	4	06/19/92	06/19/92	58.60	4742.67	6	07/24/92	35	58.60	3482.54	3482.54	
	4	06/23/92	06/23/92	16.75	4759.22	6	07/24/92	31	16.75	3499.29	3499.29	
	4	06/26/92	06/26/92	4.25	4763.47	5	07/24/92	28	0.00	3499.29	3499.29	
	4	06/29/92	06/29/92	5.25	4768.72	5	07/24/92	25	0.00	3499.29	3499.29	
	4	06/29/92	06/29/92	1.00	4771.72	5	07/24/92	25	0.00	3499.29	3499.29	
	4	06/29/92	06/29/92	0.25	4777.97	5	07/24/92	25	0.00	3499.29	3499.29	
	4	06/30/92	06/30/92	5.00	4782.97	5	07/24/92	24	0.00	3499.29	3499.29	
	4	07/01/92	07/01/92	150.14	4933.11	6	07/24/92	23	150.14	3649.43	3649.43	
	4	07/01/92	07/01/92	4.75	4937.86	5	07/24/92	23	0.00	3649.43	3649.43	
	4	07/02/92	07/02/92	6.56	4944.36	5	07/24/92	22	0.00	3649.43	3649.43	
	4	07/06/92	07/06/92	8.00	4953.25	6	07/24/92	20	0.00	3650.33	3650.33	
	4	07/06/92	07/06/92	5.50	4958.75	5	07/24/92	20	0.00	3650.33	3650.33	
	4	07/21/92	07/21/92	0.50	4961.25	5	07/24/92	3	0.00	3650.33	3650.33	
	4	07/22/92	07/22/92	60.60	5021.85	6	07/24/92	2	60.60	3706.93	3706.93	
	4	07/22/92	07/22/92	27.00	5048.85	5	07/24/92	2	0.00	3706.93	3706.93	
	4	07/22/92	07/22/92	0.00	5046.85	5	07/24/92	2	0.00	3706.93	3706.93	
	4	07/22/92	07/22/92	4.75	5051.60	5	07/24/92	2	0.00	3706.93	3706.93	
	4	07/22/92	07/22/92	4.00	5055.60	5	07/24/92	2	0.00	3706.93	3706.93	
	4	07/22/92	07/22/92	100.95	5160.55	5	09/03/92	41	68.00	3775.00	3775.00	
	4	07/24/92	07/24/92	-4291.29	869.26	1		0	0.00	-881.71		
	4	07/24/92	07/24/92	-184.38	684.98	3		0	0.00	-515.83		
	5	09/01/92	09/01/92	-68.78	616.20	1		0	0.00	-583.88		

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Batch	W/S Day O/S	W/S Cont Amts	W/S Run Cont Bal	W/S Excess Amount	W/S Cur Bal Aft Reimb
Ichoo Harold	1	11/15/91	11/15/91	11.00	11.00	5	12/12/91	24	0.00	1000.00		
	1	11/30/91	11/30/91	11.00	22.00	5	12/12/91	12	0.00	1000.00		
	1	12/06/91	12/06/91	11.00	33.00	5	12/12/91	6	0.00	1000.00		
	1	12/07/91	12/07/91	11.00	44.00	5	12/12/91	5	0.00	1000.00		
	1	12/08/91	12/08/91	15.00	59.00	5	12/12/91	4	0.00	1000.00		
	2	12/12/91	12/12/91	-10096.56	-10037.56	1		0	0.00	1000.00		
	3	12/12/91	12/12/91	1575.06	-9262.50	4	12/12/91	0	0.00	-1000.00		
	1	12/12/91	12/12/91	4200.00	-5062.50	4	12/12/91	0	0.00	-1000.00		
	1	12/12/91	12/12/91	3250.00	-2012.50	4	12/12/91	0	0.00	-1000.00		
	1	12/12/91	12/12/91	1100.00	-1712.50	4	12/12/91	0	0.00	-1000.00		
	1	12/12/91	12/12/91	1143.50	-569.00	4	12/12/91	0	0.00	-1000.00		
	2	12/12/91	12/12/91	420.00	59.00	4	04/29/92	139	59.00	-941.00		
	3	12/12/91	12/12/91	19.00	78.00	5	04/29/92	139	19.00	-926.00		
	3	12/13/91	12/13/91	10.00	84.00	5	04/29/92	138	10.00	-916.00		
	7	12/13/91	12/13/91	1000.00	1084.00	7		0	1000.00	84.00	84.00	
	9	12/14/91	12/14/91	15.00	1099.00	5	04/29/92	137	15.00	99.00	99.00	
	3	12/15/91	12/15/91	10.00	1109.00	5	04/29/92	136	10.00	109.00	109.00	
	3	12/16/91	12/16/91	10.00	1119.00	5	04/29/92	135	10.00	119.00	119.00	
	2	12/18/91	12/18/91	4.00	1123.00	5	04/29/92	133	4.00	123.00	123.00	
	2	12/19/91	12/19/91	40.00	1163.00	6	04/29/92	133	40.00	163.00	163.00	
	3	12/19/91	12/19/91	15.00	1178.00	5	04/29/92	132	15.00	178.00	178.00	
	3	12/20/91	12/20/91	10.00	1188.00	5	04/29/92	131	10.00	188.00	188.00	
	3	12/21/91	12/21/91	15.00	1203.00	5	04/29/92	130	15.00	203.00	203.00	
	3	12/22/91	12/22/91	10.00	1213.00	5	04/29/92	129	10.00	213.00	213.00	
	3	12/23/92	12/23/91	15.00	1228.00	5	04/29/92	128	15.00	228.00	228.00	
	3	12/26/91	12/26/91	10.00	1238.00	5	04/29/92	125	10.00	238.00	238.00	
	3	12/27/91	12/27/91	13.00	1251.00	5	04/29/92	124	13.00	251.00	251.00	
	3	12/28/91	12/28/91	10.00	1261.00	5	04/29/92	123	10.00	261.00	261.00	
	3	12/29/91	12/29/91	15.00	1276.00	5	04/29/92	122	15.00	276.00	276.00	
	3	12/30/91	12/30/91	10.00	1286.00	5	04/29/92	121	10.00	286.00	286.00	
	3	12/31/91	12/31/91	10.00	1296.00	5	04/29/92	120	10.00	296.00	296.00	
	3	01/02/92	01/02/92	15.00	1311.00	5	04/29/92	118	15.00	311.00	311.00	
	3	01/03/92	01/03/92	10.00	1321.00	5	04/29/92	117	10.00	321.00	321.00	
	2	01/06/92	01/06/92	-40.00	1279.00	1		0	0.00	279.00	279.00	219.00
	5	01/06/92	01/06/92	15.00	1294.00	5	04/29/92	116	15.00	294.00	294.00	
	3	01/09/92	01/09/92	10.00	1304.00	5	04/29/92	115	10.00	304.00	304.00	
	3	01/06/92	01/06/92	10.00	1314.00	5	04/29/92	114	10.00	314.00	314.00	
	3	01/07/92	01/07/92	15.00	1329.00	5	04/29/92	113	15.00	329.00	329.00	
	5	01/08/92	01/08/92	19.00	1348.00	5	04/29/92	112	19.00	348.00	348.00	
	3	01/09/92	01/09/92	10.00	1358.00	5	04/29/92	111	10.00	358.00	358.00	
	3	01/10/92	01/10/92	10.00	1368.00	5	04/29/92	110	10.00	368.00	368.00	
	3	01/11/92	01/11/92	31.00	1399.00	5	04/29/92	109	31.00	399.00	399.00	
	5	01/12/92	01/12/92	15.00	1414.00	5	04/29/92	108	15.00	414.00	414.00	
	3	01/13/92	01/13/92	10.00	1424.00	5	04/29/92	107	10.00	424.00	424.00	
	3	01/14/92	01/14/92	19.00	1443.00	5	04/29/92	106	19.00	443.00	443.00	
	3	01/15/92	01/15/92	10.00	1453.00	5	04/29/92	105	10.00	453.00	453.00	
	3	01/16/92	01/16/92	5.00	1458.00	5	04/29/92	104	5.00	458.00	458.00	
	3	01/17/92	01/17/92	10.00	1468.00	5	04/29/92	103	10.00	468.00	468.00	
	3	01/18/92	01/18/92	15.00	1483.00	5	04/29/92	102	15.00	483.00	483.00	
	3	01/19/92	01/19/92	10.00	1493.00	5	04/29/92	101	10.00	493.00	493.00	
	3	01/20/92	01/20/92	10.00	1503.00	5	04/29/92	100	10.00	503.00	503.00	
	3	01/21/92	01/21/92	15.00	1518.00	5	04/29/92	99	15.00	518.00	518.00	
	3	01/22/92	01/22/92	10.00	1528.00	5	04/29/92	98	10.00	528.00	528.00	
	3	01/23/92	01/23/92	11.00	1539.00	5	04/29/92	97	11.00	539.00	539.00	
	4	01/24/92	01/24/92	61.00	1600.00	5	04/29/92	96	61.00	600.00	600.00	
	4	01/24/92	01/24/92	142.00	1742.00	6	04/29/92	96	142.00	742.00	142.00	

W/S Name	W/S Vch No	W/S Cost Inc Date	W/S Cost Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Sum Costs Bal	W/S Excess Amount	W/S Exc Bal Aft Reimb
Erbes Harold	4	01/25/92	01/25/92	92.00	1834.00	6	04/29/92	95	92.00	834.00	834.00	
	4	01/25/92	01/25/92	92.00	-1926.00	6	04/29/92	95	92.00	926.00	926.00	
	4	01/25/92	01/25/92	92.00	2018.00	6	04/29/92	95	92.00	1018.00	1018.00	
	4	01/25/92	01/25/92	102.00	2120.00	6	04/29/92	95	102.00	1120.00	1120.00	
	3	01/27/92	01/27/92	10.00	2130.00	5	04/29/92	91	10.00	1130.00	1130.00	
	3	01/28/92	01/28/92	10.00	2140.00	5	04/29/92	91	10.00	1140.00	1140.00	
	3	01/30/92	01/30/92	10.00	2150.00	5	04/29/92	90	10.00	1150.00	1150.00	
	3	01/31/92	01/31/92	14.50	2173.50	5	04/29/92	89	14.50	1173.50	1173.50	
	3	02/01/92	02/01/92	10.00	2183.50	5	04/29/92	88	10.00	1183.50	1183.50	
	3	02/02/92	02/02/92	19.00	2202.50	5	04/30/92	87	19.00	1202.50	1202.50	
	3	02/03/92	02/03/92	29.00	2231.50	5	04/29/92	86	19.00	1221.50	1221.50	
	3	02/04/92	02/04/92	10.00	2241.50	5	04/29/92	85	10.00	1231.50	1231.50	
	3	02/05/92	02/05/92	10.00	2251.50	5	04/29/92	84	10.00	1241.50	1241.50	
	3	02/06/92	02/06/92	19.00	2260.50	5	04/29/92	83	19.00	1260.50	1260.50	
	3	02/07/92	02/07/92	10.00	2270.50	5	04/29/92	82	10.00	1270.00	1270.50	
	3	02/08/92	02/08/92	19.00	2289.50	5	04/29/92	81	19.00	1289.50	1289.50	
	3	02/09/92	02/09/92	10.00	2299.50	5	04/29/92	80	10.00	1299.50	1299.50	
	3	02/10/92	02/10/92	19.00	2318.50	5	04/29/92	79	19.00	1318.50	1318.50	
	3	02/11/92	02/11/92	10.00	2328.50	5	04/29/92	78	10.00	1328.50	1328.50	
	3	02/13/92	02/13/92	5.00	2333.50	5	04/29/92	77	5.00	1333.50	1333.50	
	3	02/13/92	02/13/92	29.00	2362.50	5	04/29/92	76	19.00	1352.50	1352.50	
	3	02/14/92	02/14/92	10.00	2362.50	5	04/29/92	75	10.00	1362.50	1362.50	
	3	02/15/92	02/15/92	15.00	2377.50	5	04/29/92	74	15.00	1377.50	1377.50	
	3	02/16/92	02/16/92	15.00	2392.50	5	04/29/92	73	15.00	1392.50	1392.50	
	3	02/17/92	02/17/92	10.00	2402.50	5	04/29/92	72	10.00	1402.50	1402.50	
	4	02/19/92	02/19/92	62.50	2465.00	5	04/29/92	70	62.50	1465.00	1465.00	
	4	02/19/92	02/19/92	106.00	2571.00	6	04/29/92	70	106.00	1571.00	1571.00	
	4	02/19/92	02/19/92	160.00	2731.00	6	04/29/92	70	160.00	1731.00	1731.00	
	4	02/19/92	02/19/92	106.00	2837.00	6	04/29/92	70	106.00	1837.00	1837.00	
	3	02/20/92	02/20/92	10.00	2847.00	5	04/29/92	69	10.00	1847.00	1847.00	
	3	02/21/92	02/21/92	19.00	2866.00	5	05/19/92	190	19.00	1866.00	1866.00	
	3	02/22/92	02/22/92	10.00	2876.00	5	05/19/92	179	10.00	1876.00	1876.00	
	3	02/23/92	02/23/92	10.00	2886.00	5	05/19/92	178	10.00	1886.00	1886.00	
	3	02/24/92	02/24/92	10.00	2896.00	5	05/19/92	177	10.00	1896.00	1896.00	
	3	02/25/92	02/25/92	10.00	2906.00	5	05/19/92	176	10.00	1906.00	1906.00	
	3	02/26/92	02/26/92	10.00	2916.00	5	05/19/92	175	10.00	1916.00	1916.00	
	3	02/27/92	02/27/92	10.00	2926.00	5	05/19/92	174	10.00	1926.00	1926.00	
	3	02/28/92	02/28/92	10.00	2936.00	5	05/19/92	173	10.00	1936.00	1936.00	
	3	02/29/92	02/29/92	25.00	2961.00	5	05/19/92	172	25.00	1961.00	1961.00	
	3	03/01/92	03/01/92	10.00	2971.00	5	05/19/92	171	10.00	1971.00	1971.00	
	3	03/02/92	03/02/92	10.00	2971.00	5	05/19/92	170	10.00	1971.00	1971.00	
	3	03/03/92	03/03/92	19.00	2990.00	5	05/19/92	169	19.00	1990.00	1990.00	
	3	03/04/92	03/04/92	10.00	3000.00	5	05/19/92	168	10.00	2000.00	2000.00	
	3	03/05/92	03/05/92	38.50	3038.50	5	05/19/92	167	38.50	2038.50	2038.50	
	3	03/06/92	03/06/92	21.00	3059.50	5	05/19/92	166	21.00	2059.50	2059.50	
	3	03/07/92	03/07/92	31.00	3090.50	5	05/19/92	165	31.00	2090.50	2090.50	
	3	03/08/92	03/08/92	10.00	3090.50	5	05/19/92	164	10.00	2090.50	2090.50	
	3	03/09/92	03/09/92	10.00	3100.50	5	05/19/92	163	10.00	2100.50	2100.50	
	3	03/10/92	03/10/92	30.00	3130.50	5	05/19/92	162	30.00	2130.50	2130.50	
	3	03/10/92	03/10/92	19.00	3149.50	5	05/19/92	161	19.00	2149.50	2149.50	
	3	03/11/92	03/11/92	11.50	3161.00	5	05/19/92	160	11.50	2161.00	2161.00	
	3	03/12/92	03/12/92	30.00	3191.00	5	05/19/92	159	30.00	2191.00	2191.00	
	3	03/12/92	03/12/92	33.17	3202.17	6	05/19/92	159	33.17	2202.17	2202.17	
	3	03/13/92	03/13/92	20.00	3222.17	5	05/20/92	158	20.00	2222.17	2222.17	
	3	03/14/92	03/14/92	46.00	3268.17	5	05/13/92	158	46.00	2268.17	2268.17	
	3	03/14/92	03/14/92	31.50	3299.67	6	05/19/92	158	31.50	2299.67	2299.67	

W/S Reco	W/S Rch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Sum Contr Bal	W/S Excess Amount	W/S Exc Bal Aft Recap
Ichoa Harold	1	01/15/92	01/15/92	20.00	3319.67	5	08/19/92	157	20.00	3319.67	3319.67	
	1	01/17/92	01/17/92	10.00	3329.67	5	08/19/92	155	10.00	3329.67	3329.67	
	5	01/17/92	01/17/92	9.50	3339.17	5	08/19/92	155	9.50	3339.17	3339.17	
	3	01/17/92	01/17/92	18.29	3357.46	6	08/19/92	155	18.29	3357.46	3357.46	
	5	01/18/92	01/18/92	25.17	3402.63	5	08/19/92	154	25.17	3402.63	3402.63	
	5	01/18/92	01/18/92	10.00	3412.63	5	08/19/92	154	10.00	3412.63	3412.63	
	1	01/18/92	01/18/92	55.32	3467.95	5	08/19/92	154	55.32	3467.95	3467.95	
	3	01/19/92	01/19/92	10.00	3477.95	5	08/19/92	153	10.00	3477.95	3477.95	
	1	01/20/92	01/20/92	14.50	3492.45	5	08/19/92	152	14.50	3492.45	3492.45	
	3	01/21/92	01/21/92	10.00	3502.45	5	08/19/92	151	10.00	3502.45	3502.45	
	3	01/22/92	01/22/92	10.00	3512.45	5	08/19/92	150	10.00	3512.45	3512.45	
	3	01/23/92	01/23/92	15.00	3527.45	5	08/19/92	149	15.00	3527.45	3527.45	
	6	01/24/92	01/24/92	1200.00	4727.45	6	08/19/92	148	1200.00	4727.45	4727.45	
	3	01/24/92	01/24/92	10.00	4737.45	5	08/19/92	148	10.00	4737.45	4737.45	
	3	01/25/92	01/25/92	10.00	4747.45	5	08/19/92	147	10.00	4747.45	4747.45	
	3	01/25/92	01/25/92	13.70	4761.15	6	08/19/92	147	13.70	4761.15	4761.15	
	3	01/26/92	01/26/92	10.00	4771.15	5	08/19/92	146	10.00	4771.15	4771.15	
	3	01/27/92	01/27/92	15.00	4786.15	5	08/19/92	145	15.00	4786.15	4786.15	
	3	01/28/92	01/28/92	10.00	4796.15	5	08/19/92	144	10.00	4796.15	4796.15	
	3	01/29/92	01/29/92	10.00	4806.15	5	08/19/92	143	10.00	4806.15	4806.15	
	3	01/30/92	01/30/92	20.65	4826.80	5	08/19/92	142	20.65	4826.80	4826.80	
	3	01/31/92	01/31/92	20.00	4846.80	5	08/19/92	141	20.00	4846.80	4846.80	
	3	02/01/92	02/01/92	10.00	4856.80	5	08/19/92	140	10.00	4856.80	4856.80	
	5	02/02/92	02/02/92	428.40	5285.20	6	08/19/92	139	428.40	5285.20	5285.20	
	3	02/02/92	02/02/92	10.00	5295.20	5	08/19/92	139	10.00	5295.20	5295.20	
	3	02/03/92	02/03/92	10.00	5305.20	5	08/19/92	138	10.00	5305.20	5305.20	
	3	02/04/92	02/04/92	10.00	5315.20	5	08/19/92	137	10.00	5315.20	5315.20	
	3	02/05/92	02/05/92	10.00	5325.20	5	08/19/92	136	10.00	5325.20	5325.20	
	3	02/06/92	02/06/92	10.00	5335.20	5	08/19/92	135	10.00	5335.20	5335.20	
	3	02/07/92	02/07/92	10.00	5345.20	5	08/19/92	134	10.00	5345.20	5345.20	
	3	02/08/92	02/08/92	10.00	5355.20	5	08/19/92	133	10.00	5355.20	5355.20	
	3	02/09/92	02/09/92	10.00	5365.20	5	08/19/92	132	10.00	5365.20	5365.20	
	3	02/10/92	02/10/92	10.00	5375.20	5	08/19/92	131	10.00	5375.20	5375.20	
	3	02/11/92	02/11/92	10.00	5385.20	5	08/19/92	130	10.00	5385.20	5385.20	
	3	02/20/92	02/20/92	17.00	5402.20	5	08/19/92	130	17.00	5402.20	5402.20	
	3	02/21/92	02/21/92	19.00	5421.20	5	08/19/92	147	19.00	5421.20	5421.20	
	3	02/27/92	02/27/92	0.46	5439.68	6	08/19/92	141	0.48	5439.68	5439.68	
	1	02/28/92	02/28/92	18.00	5439.68	5	08/19/92	142	18.00	5439.68	5439.68	
	3	02/28/92	02/28/92	84.22	5523.90	6	08/19/92	142	84.22	5523.90	5523.90	
	3	02/29/92	02/29/92	-1856.50	3668.48	8		0	0.00	3668.48	3668.48	2469.68
	5	05/04/92	05/04/92	11.25	3680.65	5	08/19/92	136	11.25	3680.65	3680.65	
	5	05/06/92	05/06/92	45.50	3726.15	5	08/19/92	134	45.50	3726.15	3726.15	
	5	05/07/92	05/07/92	11.25	3737.40	6	08/19/92	133	11.25	3737.40	3737.40	
	5	05/07/92	05/07/92	38.23	3775.63	6	08/19/92	133	38.23	3775.63	3775.63	
	5	05/08/92	05/08/92	19.50	3795.13	5	08/19/92	132	19.50	3795.13	3795.13	
	5	05/10/92	05/10/92	92.11	3887.24	6	08/19/92	130	92.11	3887.24	3887.24	
	5	05/11/92	05/11/92	19.25	3906.49	5	08/19/92	129	19.25	3906.49	3906.49	
	5	05/12/92	05/12/92	22.00	3928.49	5	08/19/92	128	22.00	3928.49	3928.49	
	5	05/12/92	05/12/92	31.56	3960.05	6	08/19/92	128	31.56	3960.05	3960.05	
	5	05/13/92	05/13/92	27.50	3987.55	5	08/19/92	127	27.50	3987.55	3987.55	
	5	05/13/92	05/13/92	31.50	4019.05	6	08/19/92	127	31.50	4019.05	4019.05	
	5	05/14/92	05/14/92	94.00	4113.05	5	08/19/92	126	94.00	4113.05	4113.05	
	5	05/14/92	05/14/92	240.00	4353.05	6	08/19/92	126	240.00	4353.05	4353.05	
	5	05/15/92	05/15/92	43.05	4396.10	5	08/19/92	125	43.05	4396.10	4396.10	
	5	05/16/92	05/16/92	9.75	4405.85	5	08/19/92	124	9.75	4405.85	4405.85	
	5	05/17/92	05/17/92	51.00	4456.85	5	08/19/92	123	51.00	4456.85	4456.85	

W/S Memo	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Posted	W/S Day O/S	W/S Contr Amts	W/S Pen County Sal	W/S Excess Amount	W/S Svc Sal aft Retmt
Ichoo Harold	$	05/17/92	05/17/92	250.00	8706.85	6	09/17/92	121	250.00	8706.85	8706.85	
	$	05/17/92	05/17/92	17.16	6721.89	6	09/17/92	121	17.16	6721.89	6721.89	
	$	05/18/92	05/18/92	21.55	6747.54	5	09/17/92	122	21.55	6747.54	6747.54	
	$	05/19/92	05/19/92	23.00	6770.54	5	09/17/92	123	23.00	6770.54	6770.54	
	$	05/19/92	05/19/92	20.50	6791.04	5	09/17/92	123	20.50	6791.04	6791.04	
	$	05/19/92	05/19/92	350.57	7141.61	6	09/17/92	123	350.57	6141.61	6141.61	
	$	05/20/92	05/20/92	23.50	9171.11	5	09/17/92	120	23.50	6533.11	6533.11	
	$	05/20/92	05/20/92	27.57	9200.68	6	09/17/92	120	27.57	6200.68	6200.68	
	$	05/21/92	05/21/92	71.50	9272.18	5	09/17/93	119	71.50	6272.18	6272.18	
	$	05/21/92	05/21/92	240.00	9512.18	6	09/17/92	119	240.00	6512.18	6512.18	
	$	05/21/92	05/21/92	27.57	9539.75	6	09/17/92	119	27.57	6539.75	6539.75	
	$	05/22/92	05/22/92	0.00	9907.75	5	09/17/93	118	0.00	6567.75	6567.75	
	$	05/22/92	05/22/92	122.55	9670.30	6	09/17/92	118	122.55	6670.30	6670.30	
	$	05/23/92	05/23/92	11.50	9681.80	5	09/17/92	117	11.50	6681.80	6681.80	
	$	05/26/92	05/26/92	5.25	9687.05	5	09/17/92	116	5.25	6687.05	6687.05	
	$	05/25/92	05/25/92	16.30	9703.35	5	09/17/92	115	15.30	6703.35	6703.35	
	$	05/25/92	05/25/92	370.90	8074.25	6	09/17/92	115	370.90	9074.25	9074.25	
	$	05/29/92	05/29/92	59.00	8133.25	6	09/17/92	113	59.00	9133.25	9133.25	
	$	05/26/92	05/26/92	86.50	8219.75	5	09/17/92	114	86.50	9219.75	9219.75	
	$	05/26/92	05/26/92	240.00	8459.75	6	09/17/92	114	240.00	9459.75	9459.75	
	$	05/27/92	05/27/92	24.75	6484.50	5	09/17/92	113	24.75	9484.50	9484.50	
	$	05/28/92	05/28/92	16.30	6500.80	6	09/17/92	112	16.30	9500.80	9500.80	
	$	05/28/92	05/28/92	14.00	6514.80	5	09/17/92	112	14.00	9514.80	9514.80	
	$	05/29/92	05/29/92	9.75	6524.55	5	09/17/92	111	9.75	9524.55	9524.55	
	$	05/30/92	05/30/92	36.89	6561.44	6	09/17/92	110	36.89	9561.44	9561.44	
	$	05/30/92	05/30/92	12.15	6573.59	6	09/17/92	110	12.15	9573.59	9573.59	
	$	05/30/92	05/30/92	9.00	6582.59	5	09/17/92	110	9.00	9582.59	9582.59	
	$	05/30/92	05/30/92	59.05	6641.64	6	09/17/92	110	59.05	9641.64	9641.64	
	$	05/31/92	05/31/92	24.75	6666.39	5	09/17/92	109	24.75	9666.39	9666.39	
	$	06/01/92	06/01/92	15.45	6701.84	6	09/17/92	108	35.45	9701.84	9701.84	
	$	06/01/92	06/01/92	6.72	6708.56	6	09/17/92	108	6.72	9708.56	9708.56	
	$	06/01/92	06/01/92	19.67	6728.23	5	09/17/92	108	19.67	9728.23	9728.23	
	$	06/01/92	06/01/92	45.00	6773.23	5	09/17/92	108	45.00	9773.23	9773.23	
	$	06/01/92	06/01/92	36.39	6809.62	6	09/17/92	108	36.39	9809.62	9809.62	
	$	06/01/92	06/01/92	213.75	7023.37	6	09/17/92	108	213.75	6023.37	6023.37	
	$	06/01/92	06/01/92	240.00	7263.37	6	09/17/92	108	240.00	6263.37	6263.37	
	$	06/01/92	06/01/92	140.38	7402.45	6	09/17/92	108	140.08	6402.45	6402.45	
	$	06/02/92	06/02/92	0.00	7410.45	5	09/17/92	107	0.00	6410.45	6410.45	
	$	06/02/92	06/02/92	20.50	7430.95	6	09/17/92	107	20.50	6430.95	6430.95	
	$	06/02/92	06/02/92	26.80	7457.75	6	09/17/92	107	26.80	6457.75	6457.75	
	$	06/02/92	06/02/92	27.09	7484.84	6	09/17/92	106	27.09	6484.84	6484.84	
	$	06/04/92	06/04/92	47.00	7531.84	5	09/17/92	105	47.00	6531.84	6531.84	
	$	06/04/92	06/04/92	63.16	7594.98	6	09/17/92	105	63.16	6594.98	6594.98	
	$	06/05/92	06/05/92	30.25	7625.23	5	09/17/92	104	30.25	6625.23	6625.23	
	$	06/06/92	06/06/92	17.75	7642.98	5	09/17/92	103	17.75	6642.98	6642.98	
	$	06/07/92	06/07/92	14.25	7657.23	5	09/17/93	102	14.25	6657.23	6657.23	
	$	06/08/92	06/08/92	16.50	7673.73	5	09/17/92	101	16.50	6673.73	6673.73	
	$	06/09/92	06/09/92	82.25	7755.98	5	09/17/92	100	82.25	6755.98	6755.98	
	$	06/10/92	06/10/92	55.37	7811.35	6	09/17/92	99	55.37	6811.35	6811.35	
	$	06/10/92	06/10/92	8.00	7819.35	5	09/17/92	99	8.00	6819.35	6819.35	
	$	06/10/92	06/10/92	29.69	7849.04	6	09/17/92	98	29.69	6849.04	6849.04	
	$	06/11/92	06/11/92	32.50	7881.54	5	09/17/92	98	32.50	6881.54	6881.54	
	$	06/12/92	06/12/92	86.67	7968.21	6	09/17/92	97	86.67	6968.21	6968.21	
	$	06/13/92	06/13/92	31.84	7986.05	6	09/17/92	96	31.84	6900.05	6900.05	
	$	06/16/92	06/16/92	11.12	7992.17	5	09/17/92	95	12.12	6992.17	6992.17	
	$	06/16/92	06/16/92	33.75	8025.92	5	09/17/93	95	33.75	7025.92	7025.92	

Audit analysis of Staff Advances under 91 7 0 14 3 8 0 3 0 4 4

W/S Name	W/S Vch No	W/S Cost Inc Date	W/S Cost Calc Dte	W/S Costr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Relab	W/S Seq O/S	W/S Costr Amts	W/S Sum Costr Bal	W/S Excess Amount	W/S Rec Bal Aft Relab
Ichoo Harold		06/16/92	06/16/92	171.00	8107.72	S	09/17/92	95	171.00	7107.72	7107.72	
		06/16/92	06/16/92	29.46	8227.16	S	09/17/92	95	29.46	7227.16	7227.16	
		06/15/92	06/15/92	24.00	8251.16	S	09/17/92	94	24.00	7251.16	7251.16	
		06/15/92	06/15/92	41.65	8292.81	S	09/17/92	94	41.65	7292.81	7292.81	
		06/16/92	06/16/92	12.25	8305.06	S	09/17/92	93	12.25	7305.06	7305.06	
		06/16/92	06/16/92	79.89	8384.95	S	09/17/92	93	79.89	7384.95	7384.95	
		06/17/92	06/17/92	18.50	8403.45	S	09/17/92	92	18.50	7403.45	7403.45	
		06/18/92	06/18/92	9.50	8412.95	S	09/17/92	91	9.50	7412.95	7412.95	
		06/19/92	06/19/92	23.75	8436.70	S	09/17/92	90	23.75	7436.70	7436.70	
		06/19/92	06/19/92	65.51	8462.21	S	09/17/92	90	65.51	7462.21	7462.21	
		06/20/92	06/20/92	30.25	8492.46	S	09/17/92	89	30.25	7492.46	7492.46	
		06/21/92	06/21/92	18.25	8510.71	S	09/17/92	88	18.25	7510.71	7510.71	
		06/21/92	06/21/92	40.00	8550.11	S	09/17/92	88	40.00	7550.11	7550.11	
		06/22/92	06/22/92	30.25	8580.36	S	09/17/92	87	30.25	7580.36	7580.36	
		06/22/92	06/22/92	65.51	8646.87	S	09/17/92	87	65.51	7646.87	7646.87	
		06/23/92	06/23/92	18.25	8665.12	S	09/17/92	86	18.25	7665.12	7665.12	
		06/24/92	06/24/92	18.25	8655.37	S	09/17/92	85	18.25	7655.37	7655.37	
		06/25/92	06/25/92	12.25	8667.62	S	09/17/92	84	12.25	7667.62	7667.62	
		06/25/92	06/25/92	46.05	8713.67	S	09/17/92	84	46.05	7713.67	7713.67	
		06/26/92	06/26/92	20.21	8733.88	S	09/17/92	83	20.21	7733.88	7733.88	
		06/26/92	06/26/92	37.00	8770.88	S	09/17/92	83	37.00	7770.88	7770.88	
		06/29/92	06/29/92	36.00	8806.88	S	09/17/92	80	36.00	7806.88	7806.88	
		06/30/92	06/30/92	767.82	9574.70	S	09/17/92	80	767.82	8574.70	8574.70	
		06/30/92	06/30/92	18.25	9592.95	S	09/17/92	79	18.25	8593.95	8593.95	
		07/01/92	07/01/92	33.00	9625.95	S	09/17/92	79	33.00	8627.95	8627.95	
		07/01/92	07/01/92	622.12	10250.07	S	09/17/92	78	622.12	9250.07	9250.07	
		07/02/92	07/02/92	19.00	10269.07	S	09/17/92	77	19.00	9269.07	9269.07	
		07/02/92	07/02/92	40.08	10309.15	S	09/17/92	77	40.08	9309.15	9309.15	
		07/04/92	07/04/92	11.00	10320.15	S	09/17/92	76	11.00	9320.15	9320.15	
		07/04/92	07/04/92	19.75	10339.90	S	09/17/92	75	19.75	9339.90	9339.90	
		07/06/92	07/06/92	33.50	10373.40	S	09/17/92	75	33.50	9373.40	9373.40	
		07/05/92	07/05/92	15.00	10388.40	S	09/17/92	74	15.00	9388.40	9388.40	
		07/06/92	07/06/92	17.25	10405.65	S	09/17/92	73	17.25	9405.65	9405.65	
		07/07/92	07/07/92	18.25	10423.90	S	09/17/92	72	18.25	9423.90	9423.90	
		07/08/92	07/08/92	17.75	10441.65	S	09/17/92	71	17.75	9441.65	9441.65	
		07/09/92	07/09/92	120.14	10561.79	S	09/17/92	70	120.14	9561.79	9561.79	
		07/09/92	07/09/92	44.25	10606.04	S	09/17/92	70	44.25	9606.04	9606.04	
		07/09/92	07/09/92	23.51	10629.55	S	09/17/92	70	23.51	9629.55	9629.55	
		07/09/92	07/09/92	17.15	10646.70	S	09/17/92	70	17.15	9646.70	9646.70	
		07/10/92	07/10/92	32.17	10678.87	S	09/17/92	69	32.17	9678.87	9678.87	
		07/10/92	07/10/92	18.25	10697.12	S	09/17/92	69	18.25	9697.12	9697.12	
		07/10/92	07/10/92	12.83	10709.95	S	09/17/92	69	12.83	9709.95	9709.95	
		07/11/92	07/11/92	21.75	10731.70	S	09/17/92	68	21.75	9731.70	9731.70	
		07/12/92	07/12/92	28.50	10753.20	S	09/17/92	67	21.50	9753.20	9753.20	
		07/12/92	07/12/92	28.42	10781.62	S	09/17/92	67	28.42	9781.62	9781.62	
		07/13/92	07/13/92	27.00	10808.62	S	09/17/92	66	27.00	9808.62	9808.62	
		07/13/92	07/13/92	56.69	10865.31	S	09/17/92	66	56.69	9865.31	9865.31	
		07/14/92	07/14/92	29.00	10894.31	S	09/17/92	65	29.00	9894.31	9894.31	
		07/15/92	07/15/92	32.25	10926.56	S	09/17/92	64	32.25	9926.56	9926.56	
		07/16/92	07/16/92	29.50	10956.06	S	09/17/92	63	29.50	9956.06	9956.06	
		07/17/92	07/17/92	28.25	10984.31	S	09/17/92	62	28.25	9984.31	9984.31	
		07/17/92	07/17/92	25.00	11009.31	S	09/17/92	62	25.00	10009.31	10009.31	
		07/18/92	07/18/92	10.50	11019.81	S	09/17/92	61	10.50	10019.81	10019.81	
		08/19/92	08/19/92	-2485.40	8534.41	I		0	0.00	7534.41	7534.41	7534.41
		09/17/92	09/17/92	-6565.17	-1030.76	I		0	0.00	0.00		
		12/01/92	12/01/92	-340.00	-1190.76	I		0	0.00	0.00		

W/S Name	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Exp Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Accrue	W/S Ben Contr Bal	W/S Excess Amount	W/S Exc Bal Aft Reimb
Echue Harold	6	12/01/92	12/01/92	-160 00	-3350 76	1		0	0 00	0 00		

W/S Memo	W/S Vch No	W/S Cont Inc Date	W/S Cont Calc Dte	W/S Contr Inc Amt	W/S O/S Amt	W/S Rep Cde	W/S Date Reimb	W/S Day O/S	W/S Contr Amts	W/S Sum Contr Bal	W/S Excess Amount	W/S Exc Bal Rft Reimb
N L Lawrence Trust	2	01/20/93	01/20/93	1000.00	1000.00	7		0	1000.00	0.00		
	1	02/14/93	02/14/93	1198.45	-6398.45	4	04/26/93	70	1198.45	1198.45	1198.45	
	1	02/16/93	02/16/93	3523.45	6921.90	4	04/26/93	70	3523.45	5921.90	5921.90	
	1	02/26/93	02/26/93	72.25	6994.15	4	04/26/93	60	72.25	5994.15	5994.15	
	1	02/25/93	02/25/93	58.32	7052.47	4	04/26/93	59	58.32	6052.47	6052.47	
	1	02/25/93	02/25/93	460.09	7512.56	4	04/26/93	59	460.09	6512.56	6512.56	
	1	02/27/93	02/27/93	4434.02	11946.58	4	04/26/93	57	4434.02	10946.58	10946.58	
	1	04/26/93	04/26/93	-10946.58	1000.00	1		0	0.00	0.00		

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Summary of 11CFR 116.3 Problems

Name of Vendor	Dates Incurred	Amount Incurred	Date Billed	Date Paid	Amount Paid	Check Number	Type of Expenditure
Goldman Sachs and Company	10/91 11/91	$3,839	03/19/92	04/16/92	$3,839	8503	Office rental, photocopying, word processing, messenger, and telephone.
	12/27/91 to 03/07/92	$4,401 $6,820	03/23/92 04/15/92	04/22/92	$11,221	8678	telephone, and taxi service
	10/24/91	$1,235	11/24/92	12/16/91	$1,235	14206	Clinton Breakfast
Total for Vendor:		$16,295			$16,295		
Manatt, Phelps, Phillips, and Kantor	09/91 to 06/92	$120,192	07/28/92	08/07/92 09/12/91	$120,192	11691 13421	Firm's expenses for office rental, copying, meals, etc.
Total for Vendor:		$120,192			$120,192		
Mozark Productions	02/11/92 to 05/04/92	$14,019	05/18/92	08/21/92	$14,019	12624	Promos produced for the campaign
Total for Vendor:		$14,019			$14,019		

Clinton for President
Final Audit Report

Summary of 11CFR 116.3 Problems

Name of Vendor	Dates Incurred	Amount Incurred	Date Billed	Date Paid	Amount Paid	Check Number	Type of Expenditure
Walter Kyle	10/24/91 to 03/24/92	$1,974	05/01/92	09/03/92	$1,974	12939	Travel expenses
	10/09/91 to 05/92	$13,500	?	09/11/92	$13,500	13577	Legal services
Total for Vendor:		$15,474			$15,474		
Newmark and Co. Real Estate Inc.	03/01/92 to 08/15/92	$20,730	08/15/92	10/21/92	$20,730	13939	Rent for two Suites in New York City
Total for Vendor:		$20,730			$20,730		
American Federation of Teachers	04/05/92	$12,126	02/02/93	02/18/93	$12,126	14687	Advertisement in N.Y. Times Authorized by CFP
Total for Vendor:		$12,126			$12,126		

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Summary of 11CFR 116.3 Problems

Name of Vendor	Dates Incurred	Amount Incurred	Date Billed	Date Paid	Amount Paid	Check Number	Type of Expenditure
The Sutherland Co.	10/25/91 to 11/25/91	$7,564	01/20/92	05/01/92	$7,564	9023	Travel, telephone, meals, printing, copying and advertising
	10/24/91 to 03/06/92	$6,406	03/06/92	05/20/92	$6,406	9535	Travel, telephone, postage, meals, printing and copying services, and advertising
	10/91 to 06/16/92	$7,664	04/23/92	06/25/92	$7,664	10476	Travel, telephone, postage, meals, printing, copying
		$5,071	04/23/92	07/02/92	$5,071	10752	
		$2,593	06/15/92	07/02/92	$2,593	10771	Travel, 6/5 Houston Convention expenses, meals, telephone and postage
Total for Vendor:		$29,298			$29,298		
O'Keefe Ashenden Lyons & Ward	10/16/91 to 03/10/92	$8,658	03/11/92 & 03/20/92	09/08/92	$8,658	13156	Travel for Kevin O'Keefe, Peter Halpin; Airfare, lodging, Rental car, telephone, office supplies, postage, refreshments
Total for Vendor:		$8,658			$8,658		
TAC Air	01/27/92	$9,370	02/24/92	08/10/92	$9,370	12014	Air travel to South Dakota and Colorado
Total for Vendor:		$9,370			$9,370		
Total for all Vendors:					$246,162		

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

FIRST GENERAL COUNSEL'S REPORT

MUR 4172
STAFF MEMBERS: Peter Blumberg
Andre G. Pineda

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

RESPONDENTS:
Clinton For President Committee
J.L. "Skip" Rutherford, as treasurer
Paul Carey
Harold Ickes
Kenneth Brody
Erskine Bowles
Shelia Davis Lawrence
Mozark Productions, Inc.
Manatt, Phelps & Phillips
O'Keefe Ashenden Lyons & Ward
Walter S. Kyle
Newmark and Company Real Estate, Inc.
TAC Air
American Federation of Teachers

RELEVANT STATUTES/
REGULATIONS:

2 U.S.C. § 431(A)-(B)
2 U.S.C. § 434(b)(3)(A)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441b(a)
11 C.F.R. § 100.12
11 C.F.R. § 104.7(b)
11 C.F.R. § 116.1(c)
11 C.F.R. § 116.5(b)
2 U.S.C. § 432(i)
2 U.S.C. § 434(b)(3)(F)
2 U.S.C. § 441a(f)
11 C.F.R. § 100.7(b)(8)
11 C.F.R. § 104.3(a)(4)(v)
11 C.F.R. § 114.9(a)-(d)
11 C.F.R. § 116.3

INTERNAL REPORTS CHECKED: Audit Documents

FEDERAL AGENCIES CHECKED: None

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I. GENERATION OF MATTER

The Clinton for President Committee ("the Committee") is the authorized committee of William J. Clinton, the 1992 Democratic Party candidate for the office of President of the United States.[1] The Committee received $12,536,135 in matching funds from the United States Treasury. 26 U.S.C. §§ 9033 and 9034. Pursuant to 26 U.S.C. §9038(a), the Commission conducted an audit and examination of the Committee's receipts, disbursements, and qualified campaign expenses. In addition, the audit included an evaluation of whether the Committee complied with the Federal Election Campaign Act, as amended ("the Act"). 11 C.F.R. § 9038.1(c)(1)(i) and (iv).

This matter was generated from information obtained during the audit of the Committee. 11 C.F.R. § 9038.1(e)(2). The Audit Division's referral materials are attached.[2] Attachment 1. The Committee submitted a response to the Final Audit Report to address the matters that were referred to the

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1/ The Committee registered with the Commission as the Clinton Exploratory Committee on August 21, 1991. On October 10, 1991, the Committee filed an amended Statement of Organization to change its name to the Clinton for President Committee.

2/ On February 13, 1995, the Commission made a final determination that the Committee and William J. Clinton must repay $1,342,728 to the United States Treasury. The repayment amount was based on findings contained in the Final Audit Report that the Committee spent $270,384 for non-qualified campaign expenses and received $1,072,344 in matching funds in excess of its entitlement. On the same date, the Commission made a final determination that the Committee must pay $40,859 for stale dated checks to the United States Treasury. On January 30, 1995, the Committee submitted a check in the amount of $1,383,587 ($1,342,728 + $40,859), the full amount owed to the United States Treasury.

Office of General Counsel for enforcement on February 28, 1995. Attachment 2.[3/]

One part of the audit referral involves extensions of credit by Goldman Sachs and Company ("Goldman") to the Committee. Attachment 1, p. 12-13. However, MUR 4183 concerns the apparent facilitation of contributions by Goldman, a federal contractor, and one of its partners, Ken Brody, on behalf of the Committee, and the same extensions of credit that are noted in the referral from the Audit Division. On October 20, 1992, the Commission found reason to believe that Goldman Sachs and Co. violated 2 U.S.C. §§ 441a(a)(1)(A), 441a(a)(8), 441c and 11 C.F.R. § 110.6(c)(1), that Ken Brody violated 2 U.S.C. § 441c, and that the Committee violated 2 U.S.C. §§ 441a(f), 441c, and 11 C.F.R. § 110.6(c)(2). MUR 3672. Due to the fact that the same parties are involved in the corporate facilitation and extensions of credit matters, this Office recommends that the Commission sever that portion of the audit referral from this MUR and address it in MUR 4183.

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II. FACTUAL AND LEGAL ANALYSIS

A. DISCLOSURE OF CONTRIBUTOR INFORMATION

The Act requires political committees to file reports that disclose the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year.

3/ On December 31, 1994, MUR 4183 was severed from MUR 3672, an Internally generated Directive 6 enforcement matter.

2 U.S.C. § 434(b)(3)(A). The term "identification" of an individual means the name, mailing address, occupation, and employer of the individual. 2 U.S.C. § 431(13)(A). "Identification" for any other person means the full name and address of such person. 2 U.S.C. § 431(13)(B).

In cases where the treasurer of a committee can show that best efforts have been used to obtain, maintain and submit the information required by 2 U.S.C. § 431(13), any report or any records of such committee shall be considered in compliance with the Act. 2 U.S.C. § 432(i). Pursuant to 11 C.F.R. § 104.7(b), the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor. An effort to collect the required information shall consist of a clear request for the information (i.e., name, mailing address, occupation and name of employer) and informs the contributor that the reporting of such information is required by law.[4/] 11 C.F.R. § 104.7(b).

The Audit staff tested contributions on a sample basis to determine if the Committee reported the occupation and name of employer information from contributors. Attachment 1, p. 3. The Audit staff found that 49% of the sampled contributions did

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4/ On October 27, 1993, the Commission amended its regulations regarding the requirements of 11 C.F.R. § 104.7(b). See 58 Fed. Reg. 57729. Since the alleged violations in this matter took place during the 1991-1992 election cycle, this Office used the regulations applicable in that election cycle to form the basis of its factual and legal analysis.

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not contain the occupation and/or name of employer of the contributors.[5/] Id. A review of Committee solicitations revealed that several solicitation devices failed to properly request the employer information. The devices failed to state that "federal law" required the information and instead stated that the "Federal Election Commission" required the information. Attachment 5, p. 1-3. Other devices carried no disclaimer at all. Id., p. 4-6. Several devices also requested employer addresses, but not the employer's name. Id., p. 7-10. Further, the Committee did not have a system to permit the Audit Division to match the Committee's received contributions to the solicitation devices, thereby making it impossible to determine how many contributions were tied to the defective solicitation devices. Attachment 1, p. 3.[6/] According to the Committee, it sent a 17,000 piece mailing in November 1992 to nearly all of the contributors who had been missing "identification" information. Id. The Committee provided a list of the people that it asserts received the letter, and the Audit Division confirmed that those individuals who it identified as missing

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5/ These figures were determined during audit fieldwork. However, the lack of reporting information was detected during the campaign as well. Therefore, on November 20, 1991, August 4, 1992, and August 27, 1992, the Reports Analysis Division sent the Committee letters requesting amended disclosure reports containing the required information. Attachment 3. Additionally, on July 1, 1992 and August 11, 1992, the Commission sent letters to the Committee notifying it of the reporting obligations set forth at 2 U.S.C. § 434(b)(3)(A) and 11 C.F.R. § 104.7. Attachment 4.

6/ The Committee argues that the original mailings satisfy "best efforts" since the solicitation devices contained a request for the information. However, the existence of defective solicitation devices belies this assertion.

information were on the list. Id. On July 2, 1993, the Committee filed amended disclosure reports containing the occupation and name of employer data for some of the contributors who lacked such information in prior reports. Id.

The Committee did not comply with the reporting obligations set forth at 2 U.S.C. § 434(b)(3)(A) prior to its filing of amended disclosure reports on July 2, 1993. Specifically, the Committee did not act to disclose identification information on its contributors even after receiving notifications from the Commission on November 20, 1991, July 1, 1992, August 4, 1992, August 11, 1992, and August 27, 1992. 2 U.S.C. § 434(b)(3)(A). The Committee only reacted to these notices with a mailing after (or around) the general election, and well after the end of the primary election. The amended reports were only produced approximately eight months after this rehabilitation mailing. As a result, the Committee had incomplete disclosure information on the public record for a substantial period of time, thus defeating the purpose of public disclosure - the reporting of accurate and complete contributor information.

The Committee did not execute best efforts to retrieve the employer information. In order to exercise best efforts, the treasurer must make one effort per solicitation and the effort shall consist of a clear request for the information and informs the contributor that the reporting of such information is required by law. 11 C.F.R. § 104.7(b). Contrary to the Committee's argument, the original solicitation devices did not satisfy best efforts. Several of the Committee's original

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solicitation devices were defective, and the Committee was unable to demonstrate that the persons who were missing employer information had received a solicitation device that contained no defects. Further, the Committee was reminded on five occasions during the campaign of its obligation to report employer information. Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).

B. ITEMIZATION OF REFUNDS AND REBATES

The Act requires political committees to file reports that disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt. 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v).

During the audit process, the Audit staff found that the Committee received reimbursements in excess of $2,500,000 for travel from the Secret Service and various press organizations. Attachment 1, p. 4. The Committee had Worldwide Travel, Inc. ("Worldwide") receive these reimbursements, deposit them in an escrow account, and transfer the proceeds, less any fees charged, to the Committee's operating account. Id. The Committee then itemized the reimbursements in its disclosure reports as receipts from Worldwide, rather than from the

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specific entity that provided the reimbursement to Worldwide. Id.[7/]

The Committee contends that it properly itemized the reimbursements it received from Worldwide since the disclosure requirements of 2 U.S.C. § 434(b)(3)(F) are satisfied when an independent vendor collects reimbursements on behalf of the Committee. Specifically, the Committee references Advisory Opinion ("AO") 1983-25 where the Commission permitted the Mondale for President Committee to report only disbursements to its media vendor and not the vendor's disbursements to media outlets to be hired by the vendor. AO 1983-25. This AO stressed that the vendor was indeed an independent "vendor of media services" and not an arm of the political committee. Id. In contrast to the facts in AO 1983-25, Worldwide was collecting press and Secret Service reimbursements, rather than making disbursements.[8/] Further, these reimbursements were for

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7/ Worldwide was the Committee's travel agent for arranging Committee personnel flights on commercial aircraft. Committee charter travel was arranged directly between the Committee and charter aircraft vendors. The press and Secret Service reimbursements at issue relate to charter trips. Worldwide had no role in arranging the original trips for the press and Secret Service, it only acted as an administrator for the Committee for the collection of the reimbursements.

8/ The Commission's regulations at 11 C.F.R. § 9034.6(b) permit the Committee to accept pro rata reimbursements from the media. The purpose of this provision is to eliminate the possibility that the media or other individuals will subsidize the campaign. Explanation and Justification for Regulations on Public Financing of Presidential General Election Campaigns, 45 Fed. Reg. 43,376 (June 27, 1980) (discussing 11 C.F.R. § 9004.6, the parallel general election regulation to 11 C.F.R. § 9034.6(b)). Therefore, it is important that the Committee report "any reimbursement received ... for transportation or ground services." 11 C.F.R. § 9034.6(c).

services to which Worldwide had no relation in that the Committee paid for the charter flights itself. Worldwide was merely acting as an administrator to collect the reimbursements, rather than as a "vendor" collecting reimbursement for travel that Worldwide had originally booked in its capacity as a vendor of travel services.

The Committee filed amended disclosure reports on October 14, 1994 which identified each press organization and Secret Service reimbursement to Worldwide. Id. The Committee failure to do so until this date resulted in incomplete disclosure information on the public record for a substantial period of time. Therefore, the Office of General Counsel recommends that the Commission find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v).

C. STAFF ADVANCES

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). No candidate or political committee shall knowingly accept any contribution that exceeds the contribution limitations. 2 U.S.C. § 441a(f). Moreover, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make

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any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures. Id.

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is

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incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5; see also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349 (Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

The Commission's audit revealed evidence that five individuals: Paul Carey ($5,358), Harold Ickes ($8,890), Kenneth Brody ($17,962), Erskine Bowles ($15,325), and Shelia Davis Lawrence ($10,947), made excessive contributions to the

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Committee totaling $58,482.[9] Attachment 1, p. 10. The Committee argues that Paul Carey and Harold Ickes were committee staff, but that Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence were unpaid consultants who provided services to the Committee. Id. at 8. With respect to Committee staff, the Committee contends that it re-examined its expenses and concluded that its excessive contribution amounts were significantly smaller than the figures contained in the Interim Audit Report.[10] Id. With respect to the unpaid consultants, the Committee argues that because each of these individuals have "substantial fundraising background and expertise," they may be considered unincorporated vendors. Id. at 9. Therefore, the Committee argues that these individuals were unincorporated commercial vendors who volunteered their services and subsequently billed the costs associated with such services to the Committee. Id. at 9.

The Committee did not demonstrate during the audit that Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence are unincorporated commercial vendors pursuant to 11 C.F.R.

9/ The amounts listed are the highest outstanding excessive contribution amount for each individual, and the total amount of the highest outstanding excessive contributions from these individuals. Attachment 1, p. 10. The amounts listed have been rounded to the nearest dollar amount.

10/ The Interim Audit Report concluded that seven individuals; Paul Carey, Harold Ickes, Kenneth Brody, Erskine Bowles, Shelia Davis Lawrence, David Wilhelm, and Carol Willis; made excessive contributions to the Committee totaling $75,100. Attachment 1, p. 8. The Final Audit Report concluded that David Wilhelm did not make any excessive contribution to the Committee and that excessive contributions made by Carol Willis were immaterial. Id. at 9.

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§§ 116.1(c) and 116.3(a). Specifically, the Committee has provided no documentation or other relevant information demonstrating that the usual and normal business activity for these individuals involves fundraising or whether these individuals extended credit to the Committee in the ordinary course of their respective businesses. 11 C.F.R. §§ 116.1(c) and 116.3(c). Therefore, the expenses are properly analyzed under 11 C.F.R. § 116.5 as expenses by individuals.

From September 1991 to July 1992, Mr. Carey made expenditures for transportation, food, parking, taxi, and miscellaneous costs. Attachment 6, p. 1-8. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b). Because Mr. Carey paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Carey made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $2.00 to $791.74. Attachment 6, p. 1-8. On February 29,

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1992, Mr. Carey's excessive amount reached its highest at $5,358.[11] Id. at 4.

From November 1991 to September 1992, Mr. Ickes made expenditures for transportation, meals, and telephone costs. Id. at 9-14. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b). Because Mr. Ickes paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Carey made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $4.00 to $1,200. Attachment 6, p. 9-14. On July 18, 1992, Mr. Ickes' excessive amount reached its highest at $8,890.[12] Id. at 13.

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11/ On February 29, 1992, Mr. Carey's highest excessive amount reached $6,358. Attachment 6, p. 4. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Therefore, Mr. Carey's highest excessive amount on February 29, 1992 was $5,358 ($6,358 - $1,000).

12/ On July 18, 1992, Mr. Ickes' highest excessive amount reached $10,019.81. Attachment 6, p. 13. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Moreover, the Audit Division determined that based on the Committee's response to the Interim Audit Report, Mr. Ickes did not make excessive contributions to the Committee totaling $697.98. However, the Audit Division determined that Mr. Ickes

From January 1991 to April 1992, Mr. Brody made expenditures for meals, beverages, and gratuities for a New York City fundraising event as well as expenditures for computers, banners, T-shirts, messenger services, and other assorted items during the course of the campaign. Id. at 15. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $9.00 to $8,913. Attachment 6, p. 15. On December 13, 1991, Mr. Brody's excessive amount reached its highest at $17,962. Id.

On February 25, 1992, Ms. Davis Lawrence made expenditures for postage, printing, banquet services, and signage costs for a San Diego fundraising event. Id. at 16. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time she incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $58.32 to $4,434.02. Attachment 6, p. 16. On February 27, 1992, Ms. Davis Lawrence's excessive amount reached it highest at $10,947.

Finally, Mr. Bowles made expenditures for room rental, labor, food, decorations, and audio/visual costs for a North

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(Footnote 12 continued from previous page)
made additional expenditures totaling $568.30 for cab fares that were excessive contributions to the Committee. Therefore, Mr. Ickes' highest excessive amount on July 18, 1992 was $8,890 ($10,019.81 - $1,000 - $697.98 + $568.30).

Carolina fundraising event held on May 5, 1992. Attachment 6, p. 17. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $105 to $6,756.17. Attachment 6, p. 17. On June 23, 1992, Mr. Bowles' excessive amount reached it highest at $15,325. Id.

The Office of General Counsel recommends that the Commission find reason to believe that Paul Carey, Harold Ickes, Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions totaling $5,358, $8,390, $17,962, $15,325, and $10,947, respectively, in excess of their individual contribution limitations. The Office of General Counsel also recommends that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting contributions totaling $58,482 in excess of the contribution limitations from these individuals. Since the facts are not in dispute, and further discovery is unnecessary, this Office recommends that the Commission enter into pre-probable cause conciliation with Mr. Carey, Mr. Ickes, Mr. Brody, Mr. Bowles, and Ms. Davis Lawrence.

D. EXTENSIONS OF CREDIT, ADVANCES AND USE OF FACILITIES

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for

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the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). No candidate or political committee shall knowingly accept any contribution that exceeds the contribution limitations. 2 U.S.C. § 441a(f). Moreover, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures. Id.

It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a corporation to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id. It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. Id.

A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial

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vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id.; see also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

A commercial vendor may extend credit to a committee as long as the credit is for goods and services provided in the vendor's usual and normal business, but if a commercial vendor advances the costs for items not provided by the vendor in its usual and normal business, then the advance is a contribution. Compare 11 C.F.R. § 116.1(c) and 11 C.F.R. § 116.3(b) with 11 C.F.R. § 100.7(a)(1).

Stockholder and employees of a corporation; or officials, members, and employees of a labor organization, may make occasional, isolated or incidental use of corporate

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or; if applicable, labor organization facilities. 11 C.F.R. §§ 114.9(a)(1) and (b)(1). If a person makes more than an occasional, isolated or incidental use of facilities, that person must reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(a)(2) and (b)(2). Persons, other than stockholders, employees, officials, and members who use labor organization or corporate facilities for activity in connection with a Federal election, are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(d). The Commission has determined that, in certain instances, the facilities of an unincorporated partnership may also be used by partners, employees or other persons, and that expenses associated with such a use that is more than occasional, isolated or incidental must be reimbursed to the partnership within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. See AO 1979-22; see also Final Audit Report for Clinton for President Committee (Commission approved, December 27, 1995).

The referral matters identify several Committee vendors who appear to have made contributions to the Committee by extending credit outside the ordinary course of business, making advances or by failing to bill for a use of facilities in a commercially reasonable time. The vendors are Mozark

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Productions, Inc.; Manatt, Phelps & Phillips; O'Keefe Ashenden Lyons & Ward; Walter S. Kyle; Newmark and Company Real Estate, Inc.; TAC Air; the American Federation of Teachers; and Sutherland Co.

1. Mozark Productions, Inc.

Mozark Productions, Inc. ("Mozark") is a video production vendor. Mozark extended credit to the Committee for video production services and it also appears to have advanced the costs of two fundraisers. According to a Dun and Bradstreet report, Mozark is incorporated in California and its President is Harry Thomason. Attachment 7. Mr. Thomason and his spouse, Linda Bloodworth-Thomason made $1,000 contributions to the Committee during the 1992 election cycle. Additionally, it appears that Mr. Thomason organized certain fundraisers for the Committee.[13/]

Mozark oversaw the production of certain promotional videos for the Committee from February through May 1992 which it provided on credit to the Committee. According to Dun and Bradstreet, Mozark's credit "[t]erms are net 7 days for operating expenses and contract basis for balance." Attachment 7. The producers' fees for this project were volunteered by Mr. Thomason and his spouse, while the rest of the production costs for editing, make-up, actors, and other

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13/ In MUR 3797, the Commission found no reason to believe that the Committee received prohibited contributions from two corporations affiliated with Mr. Thomason (Thomason Aircraft Corporation and Thomason, Richland & Martens, Inc.). The matter regarded aircraft services provided to the Committee by these aviation firms under 11 C.F.R. § 114.9(e).

miscellaneous production costs were billed by independent contractors to Mozark.[14/] Mozark paid the independent contractors' bills periodically during the production period. Subsequently, in May 1992, Mozark billed the Committee for these costs which totaled $14,019.00. The invoice was paid in full by the Committee in August 1992 and the Committee reported the debt on its disclosure reports during this period.

Mozark's invoices also indicate that it paid the costs of meals and associated services for two fundraisers held on behalf of the Committee. The first fundraiser was held on September 13, 1991 at La Maida House restaurant in North Hollywood, California. Attachment 8. Mozark paid $3,157.12 for the fundraiser, and was reimbursed within two months by the Committee. Id. The second fundraiser was held on December 6, 1991 at Sportsmen's Lodge Banquet Rooms in Studio City, California. Attachment 9. Mozark paid $938.12 for this fundraiser, and was reimbursed by the Committee within a month. Id.

The Committee provided two affidavits from Mr. Thomason, during and following the audit, dated June 14, 1994 and January 3, 1995. Attachment 10; Attachment 2, p. 134-37. Mr. Thomason states that billing a client at the end of a

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14/ The bills from Mozark demonstrate that the Committee was not charged a producers' fee for these commercials. However, it is not clear whether Mr. Thomason was the actual producer on this project, or if it was another Mozark employee. Mr. Thomason could not claim a volunteer exemption on behalf of one of his employees.

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production is "customary" for Mozark. Attachment 2, p. 134. With regard to debt collection, the Committee states that Mozark "has no procedure for following up on the payment of outstanding bills" and to the best of Mr. Thomason's recollection has never sent "a follow-up bill to a client." Id., p. 136.

It appears that Mozark's extension of credit for promotional videos was not made in the ordinary course of business. Mozark provided services from February through May 1992, and the Committee was invoiced in May 1992. However, the Committee did not pay the bill until August 1992. Neither the Committee nor Mr. Thomason documented that it is Mozark's or the production industry's practice to bill at the end of project, particularly when involving a client without an apparent credit history with Mozark. Further, Mozark's explanations of its billing policies are inconsistent with what it reported to Dun and Bradstreet when it affirmed that its operating expenditures must be reimbursed within seven days. Its assertion that it never engages in debt collection seems questionable in light of its demanding credit terms as reported to Dun and Bradstreet. Moreover, the interrelationships between the Committee and the vendor through a past relationship of advancing costs of fundraisers and Mr. Thomason's association to the campaign indicate that Mozark may have offered credit outside its ordinary course of business. Indeed, during the period that the bill was outstanding, the Committee reported debts in the range from

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$2.4 to $4.2 million, and Mr. Thomason and Mozark may have constrained its debt collection activities in light of the Committee's financial position.

Mozark's payments to two restaurants for costs incurred for fundraisers appear to be contributions to the Committee as well. Mozark's "usual and normal" business did not involve providing meals or organizing fundraisers. 11 C.F.R. § 116.1(c). Further, the costs associated with the events were not ancillary to any production work performed by Mozark, but were fundraisers for the Committee. Since the fundraisers occurred outside Mozark's offices, it also does not appear that the events constitute a use of facilities. 11 C.F.R. § 114.9. Therefore, it appears that the payments for the costs associated with the fundraisers are contributions to the Committee. 11 C.F.R. § 100.7(a)(1).

This Office recommends that the Commission find reason to believe that Mozark Productions violated 2 U.S.C. § 441b by making prohibited contributions to the Committee through extensions of credit outside the ordinary course of business and by advancing the costs of the fundraisers. We also recommend that the Commission find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b by accepting these contributions.

2. Manatt, Phelps & Phillips

Manatt, Phelps & Phillips ("Manatt, Phelps"), f/k/a Manatt, Phelps, Phillips & Kantor, is a law firm with offices

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in Los Angeles, California and Washington, D.C. A partner of the law firm, Mickey Kantor, was the Campaign Manager for the Committee. During the campaign, Mr. Kantor used Manatt, Phelps' facsimile machines, photocopiers, long-distance telephone services and administrative services for Committee work, and charged other Committee-related expenses such as travel and meals on his firm's expense account. The costs involved with these goods and services from September 1991 through July 1992 totaled $120,192. Manatt, Phelps prepared a bill directed to Mr. Kantor at his law firm address for "Campaign Costs" totaling $10,151.62 on January 13, 1992. Attachment 11, p. 1. This bill covered expenses incurred from September 20, 1991 through December 31, 1991. Id. Another bill on May 31, 1992 was delivered by Manatt, Phelps to Mr. Kantor at his law firm address for "Campaign Costs" totaling $97,769.17. Id., p. 19. This bill covered expenses incurred between February 10, 1992 though May 31, 1992. Id.[15/] On July 28, 1992, Manatt, Phelps submitted a bill to the Committee addressed to David Watkins, a Committee official in Little Rock, Arkansas. Attachment 11, p. 26. The bill itemized costs incurred by the Committee for June 1992 totaling $15,666.79, and it noted that previous amounts due totaled $104,525.27, for an overall balance due of

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15/ The incurred expenses included two disbursements of $7,542.93 and $7,402.93, respectively, for "the Regency Club."

$120,192.06. Id.[16] The Committee paid the invoices on August 8, 1992 ($60,096.03) and September 12, 1992 ($60,096.03).

The Committee submitted two affidavits during and following the audit from Judi Cunningham, the accounting manager for Manatt, Phelps, dated July 1, 1994 and February 21, 1995. Attachment 12; Attachment 2, p. 52-54. Additionally, the Committee submitted an affidavit from David Watkins, the Committee's Deputy Campaign Manager and Director of Operations, dated February 1995. Attachment 2, p. 131-32. Ms. Cunningham states that Manatt, Phelps prepared invoices for the campaign on January 13, May 31, and July 28, 1992, and that the invoices were sent to the campaign. See Attachment 12, p. 1. Having not received payment by July 1992, Manatt, Phelps consulted with the Committee, and reissued a bill for the entire period on July 28, 1992. Id. Ms. Cunningham stated that the billing procedures followed by Manatt, Phelps in this case were similar to those used with other clients, particularly pro bono clients. Id. Ms. Cunningham stated that Manatt, Phelps took "significant pains" to bill the Committee correctly and did not intend to make a political contribution. Id., p. 2. Ms. Cunningham also described eleven examples where Manatt, Phelps did not

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16/ The July 28, 1992 bill itemized all expenses. However, there exist a few discrepancies with the two earlier invoices sent to Mr. Kantor. For instance, the $7,542.93 billed for "the Regency Club" on the May 31, 1992 bill does not appear on the later invoice. Compare Attachment 11, p. 22 with Attachment 11, p. 31.

bill a client until the end of a project. Attachment 2, p. 52-54. Some of these examples involve the firm working on a contingency basis for a tort claim, or representing an executor in an estate matter or a trustee in a bankruptcy matter. Id. Mr. Watkins stated that he was unaware of the Committee's obligation to Manatt, Phelps until he received the July 1992 invoice. Id., p. 131. The Committee's narrative response to the Final Audit Report noted that Mr. Kantor was very busy during the campaign and implies that he may have inadvertently failed to forward the firm's bill to the Committee's accounting department. Id., p. 11.

This Office recommends that the Commission find reason to believe that Manatt, Phelps & Phillips violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Committee through the provision of facilities unreimbursed in a commercially reasonable time, extensions of credit outside the ordinary course of business and payments advanced for costs unrelated to the firm's area of business. Additionally, this Office recommends that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by receiving these contributions from Manatt, Phelps. Manatt, Phelps provided the Committee with $120,192 in various goods and services over a 10-month period without receiving a single payment. Over this course of time, it appears that Manatt, Phelps produced two invoices which it delivered to Mr. Kantor. As campaign manager, Mr. Kantor is

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an agent of the Committee, and thus, the Committee was billed when Mr. Kantor received the invoices. See 11 C.F.R. § 109.1(b)(5); see also 11 C.F.R.§ 9032.9(b)(2).

An invoice was only first delivered to campaign headquarters and reported by the Committee on its disclosure reports ten months after the initial extension of credit. During the time that this money was owed, it does not appear that Manatt, Phelps engaged in any activity to determine why the original invoices were not paid either by contacting Mr. Kantor or the Committee. While Manatt, Phelps has provided examples of other clients who have been billed at the end of a project, it is unclear whether these are isolated instances or whether it is the law firm's ordinary course of business to bill at the end of a project. Finally, the interrelationships between the Committee and the firm through Mr. Kantor's affiliation with both indicates that Manatt, Phelps may have extended credit outside the ordinary course of business. During the period that the bill was outstanding, the Committee reported debts in the range from $2.4 to $4.4 million, and Mr. Kantor was in a position not to make disbursements to satisfy the invoice or hold back billings to the Committee until the Committee was in a better financial position. Further, the advances of the costs of events at the "Regency Club" appear to be contributions to the Committee since they do not relate to the firm's usual business and are not a use of the firm's facilities. 11 C.F.R. § 100.7(a)(1).

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3. O'Keefe Ashenden Lyons & Ward

O'Keefe Ashenden Lyons & Ward ("O'Keefe Ashenden") is a law firm based in Chicago, Illinois. Michael O'Keefe, a partner at O'Keefe Ashenden, volunteered as a coordinator for the Clinton campaign for the Illinois Democratic Primary.[17/] Mr. O'Keefe's personal services were provided to the Committee without charge. However, Mr. O'Keefe's travel expenses totaling $5,462.48, and other expenses including food, cash advances, and travel expenses of David Axelrod, a Committee political consultant, totaling $1,752.18, were paid out of the law firm's accounts. These expenses were incurred from October 1991 through March 1992, although they are not itemized with respect to the exact date of each expense. O'Keefe Ashenden billed the Committee in March 1992 for the expenses, and was paid in September 1992. A March 20, 1992 letter from Mr. O'Keefe to the Committee states that O'Keefe Ashenden was billing the Committee based on an agreement that it would withhold all bills for expenses pending the end of the Illinois Democratic Primary in March 1992. Attachment 13. It appears that O'Keefe Ashenden did not engage in any debt collection efforts in the period from March 1992 through September 1992.

The Committee submitted two affidavits from J. Michael Heaton, a partner at O'Keefe Ashenden, dated June 26, 1994 and January 19, 1995. Attachment 14; Attachment 2,

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17/ Six employees of O'Keefe Ashenden made contributions of $1,000 each to the Committee during the 1992 election cycle.

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p. 170-72. Mr. Heaton stated that the Committee was billed at the end of Mr. O'Keefe's project [the Illinois Democratic Primary], and that this is similar to the billing procedures the firm employs with other pro bono clients. Attachment 14, p. 1-2. Mr. Heaton also stated that O'Keefe Ashenden's debt collection policy is to rely on the "client['s] initiative for payment" since this is "conducive to its policy of low-key, non-aggressive client relations." Id., p. 2. Mr. Heaton also provided several specific examples of situations where the firm delayed billing on a project or failed to receive timely payment on invoices. Attachment 2, p. 170-72. The firm's role in these matters included representation in a tax assessment protest and certain regulatory matters. Id.

This Office recommends that the Commission find reason to believe that O'Keefe Ashenden Lyons & Ward has violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Committee. We also recommend that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by accepting these contributions. O'Keefe Ashenden advanced to the Committee's benefit costs for travel of one of its partners, travel costs of persons unrelated to the firm, and the costs of various meals. O'Keefe Ashenden held on to bills payable by the Committee for several months pending the completion of the Illinois Democratic Primary. Following that, the firm failed to follow-up on an overdue invoice for a period of six months until it was finally paid.

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The firm's ties to the Committee, through Mr. O'Keefe role as a Committee volunteer and other employees' political contributions indicate that O'Keefe Ashenden may have offered credit outside its ordinary course of business. The Committee had no apparent credit history with the law firm, nor does it appear that a contract was signed or a retainer paid. The Committee's submissions demonstrate that O'Keefe Ashenden has in isolated instances delayed billing or failed to collect on an invoice. However, this Office will seek additional information through discovery for information demonstrating the vendor's ordinary course of business with respect to credit extension and debt collection.

4. Walter S. Kyle

Walter S. Kyle is an attorney who represented the Committee in legal matters relating to setting up a campaign organization in the state of New Hampshire. Mr. Kyle provided the Committee with $13,500 in legal services during the period October 1991 through May 1992. These services were billed on an undated invoice which the Committee paid in September 1992. Further, Mr. Kyle incurred ancillary expenses as an attorney for the Committee in the amount of $1,974 in the period October 1991 through February 1992. Mr. Kyle billed these expenses in May 1992, and was paid in September 1992.

The Committee submitted two affidavits from Mr. Kyle, dated June 14, 1994 and January 31, 1995. Attachment 15; Attachment 2, p. 139-41. Mr. Kyle stated that he billed the

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Committee at the completion of his service and that this is his usual billing arrangement for client's of "like size and financial capacity." Attachment 15. Mr. Kyle also detailed several previous projects in which he was paid at the conclusion of a project, or was not paid at all. Attachment 2, p. 139-41. Mr. Kyle added that billing was delayed because his billing materials were stolen in January 1992. Id., p. 139.

This Office recommends that the Commission find reason to believe that Walter S. Kyle has violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Committee. This Office also recommends that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by receiving these excessivecontributions. Mr. Kyle extended credit to the Committee and permitted bills to accrue over the period of several months, up to possibly a year, before submitting an undated invoice to the Committee. The Committee had no apparent credit history with Mr. Kyle, nor does it appear that a contract was signed or a retainer paid. The Committee's submissions demonstrate that Mr. Kyle has in isolated instances delayed billing or failed to collect on an invoice. However, this Office will seek additional information through discovery for information

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demonstrating the vendor's ordinary course of business with respect to credit extension and debt collection.[18/]

5. American Federation of Teachers

The American Federation of Teachers ("the AFT") is a labor organization. On April 5, 1992, the AFT purchased newspaper space in the New York Times to place an article by Albert Shanker, the President of the AFT, endorsing then Governor Clinton. The AFT purchases this newspaper space every week to run Mr. Shanker's "column." In this case, the column contained a disclaimer stating that the Committee was paying for the space. Subsequently, on May 14, 1992, the AFT billed the Committee $12,126, the cost of the newspaper space. The original invoice was never paid by the Committee, and only after a new bill was issued in February 1993 did the Committee make a disbursement to cover the costs of the newspaper space.

The Committee submitted two affidavits from Rachelle Horowitz, Senior Adviser to the AFT, dated July 1, 1994 and February 3, 1995. Attachment 16; Attachment 2, p. 155-56. Ms. Horowitz stated that the original bill was incorrectly

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18/ The Committee also argues that Mr. Kyle could have volunteered his services under 11 C.F.R. § 100.7(b)(3), and thus, the extension of credit could be retroactively viewed as volunteer work and not a contribution. Mr. Kyle submitted an invoice to the Committee, was paid by the Committee and never elected to have his work classified as volunteer services. See 11 C.F.R. § 116.6(a). Further, Mr. Kyle was a commercial vendor providing services to the Committee and was not a Committee employee that could retroactively waive his rights to salary. See id. Under the Committee's argument, any commercial vendor could avoid compliance matters by retroactively claiming a volunteer exemption in these situations.

submitted to the Committee since it invoiced the AFT, rather than the Committee. Attachment 16. Due to this discrepancy, the Committee did not pay the bill. Id.

This Office recommends that the Commission find reason to believe that the American Federation of Teachers violated 2 U.S.C. § 441b by making prohibited contributions to the Committee. This Office also recommends that the Commission find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, have violated 2 U.S.C. § 441b by accepting prohibited contributions. The value that the Committee received as a result of AFT advancing the costs of a newspaper advertisement is a contribution to the Committee. 11 C.F.R. § 100.7(a)(1). As a labor organization, AFT was prohibited from making such an advance. 2 U.S.C. § 441b. Further, since the AFT purchased this newspaper space on a regular basis, it is possible that the AFT passed on a discounted rate to the Committee that was not the usual and normal charge for securing newspaper advertising space. 11 C.F.R. §§ 100.7(a)(1)(iii)(A) and (B). By possibly providing discounted newspaper advertising space, the AFT may have made a contribution to the Committee.

6. **Newmark and Company Real Estate, Inc.**

Newmark and Company Real Estate, Inc. ("Newmark") is a property management company located in New York City. Newmark leased office space to the Committee in a building in Manhattan. The Committee first occupied space in the building in December 1991 and remained there through August

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1992. The Committee had a month-to-month lease with Newmark. The Committee made its first rent payment of $4,000 to Newmark in March 1992. It subsequently made a payment of $750.00 on March 31, 1992 and on April 1, 1992 for a security deposit. The Committee made no more payments, and received no invoices for payment until August 1992, when it was invoiced $20,730.40 for all back-rent. The Committee paid that amount in October 1992. A Dun and Bradstreet search on Newmark revealed that it is based in New York City, employs 300 people, and had sales of $50 million in 1994. No Newmark employees made contributions to the Committee, although employees are politically active, contributing to several federal committees in the 1992 election cycle.

The Committee submitted two affidavits, dated May 25, 1994 and January 25, 1995, from Margaret Fennelly, the Managing Agent of the property leased by the Committee. Attachment 17; Attachment 2, p. 147-48. Ms. Fennelly explained that the billing delay resulted from an error made by Newmark. Attachment 17. Ms. Fennelly stated that the Committee was not sent invoices for a five month period because the Committee's lease was inadvertently not entered into Newmark's billing system. Id. Ms. Fennelly stated that, as a large property management company, Newmark suffers billing errors occasionally, and described several such instances. Attachment 2, p. 147-48.

This Office recommends that the Commission find reason to believe that Newmark has violated 2 U.S.C. § 441b by

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making prohibited contributions to the Committee. This Office also recommends that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, have violated 2 U.S.C. § 441b by accepting prohibited contributions. Newmark failed to invoice the Committee from April 1992 through August 1992, allowing the Committee to carry a balance of over $20,000. However, we recommend that the Commission take no further action against Newmark and the Committee with respect to this transaction since it appears to be the result of a mistake. Ms. Fennelly explained that mistakes of this nature occasionally occur. The fact that there is no apparent interrelationship between Newmark and the Committee supports the Committee's argument that there was no intention to go outside the ordinary course of business.

7. TAC Air

TAC Air is a division of Truman Arnold Company, a vendor engaging in charter air services. TAC Air provided charter air service for various flights to the Committee on January 27, 1992, and billed the Committee $9,370 on February 25, 1992 for the flights.[19] The invoice was paid by the Committee on August 10, 1992. TAC Air's corporate parent, Truman Arnold Company also provided the candidate with use of

19/ At the time of the transaction, TAC Air was licensed to offer commercial services, thus a prepayment for the air service was not required. 11 C.F.R. § 114.9(e).

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its corporate jet on several occasions during the campaign pursuant to 11 C.F.R. § 114.9(e).

The Committee submitted an affidavit from James H. Day, a Vice-President of Truman Arnold Company, dated June 30, 1994, and an affidavit from Ron Oradat, Truman Arnold Company's Credit Manager, dated January 31, 1995. Attachment 18; Attachment 2, p. 332-33. Mr. Day stated that TAC Air erroneously applied a Committee payment of April 6, 1992 that was intended as prepayment for corporate charter service under 11 C.F.R. § 114.9(e) to the bill for the January flights at issue. Attachment 18. Thus, Mr. Day states TAC Air's books did not show a debt for the January flights. Id. Mr. Oradat provided additional explanations of TAC Air's billing processes, and stated that it was not unusual for TAC Air to have overdue bills from customers. Attachment 2, p. 332-33.

This Office recommends that the Commission find reason to believe that TAC Air has violated 2 U.S.C. § 441b by making prohibited contributions to the Committee. This Office also recommends that the Commission find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b by accepting prohibited contributions. TAC Air failed to collect on an invoice to the Committee from February 1992 until August 1992, allowing the Committee to carry a balance of over $9,000 for that period. However, we recommend that the Commission take no further action against TAC Air and the

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Committee with respect to this transaction since it appears to be the result of a mistake. Mr. Day and Mr. Oradat described the basis of the mistake, and the various transactions between TAC Air and the Committee indicate that on balance the business relationship was handled in the ordinary course of business.

8. Sutherland MultiMedia

Sutherland MultiMedia ("Sutherland Co."), f/k/a The Sutherland Company, is a political consulting firm. Craig Sutherland, who later joined the Committee as an employee, ran the Austin, Texas office of Sutherland Co. Sutherland Co. organized candidate appearances and fundraisers in Texas during the campaign. Sutherland Co. billed the Committee for travel expenses incurred in association with the events it organized and, occasionally, the actual costs of the events. Sutherland Co. usually incurred the costs of hotels and meals of its employees who paid with credit cards, and billed the Committee for these costs after receiving the credit card statements. Sutherland Co. first incurred costs of $4,047.15 on behalf of the Committee in September 1991, and was paid in full for these costs in November 1991. From the period of October 1991 through January 1992, Sutherland Co. incurred 7,563.83 in costs for the Committee and billed it on January 20, 1992. Sutherland Co. submitted another invoice to the Committee on March 6, 1992 comprised of expenses dating from October 1991 through March 1992. The Committee paid these two bills in May 1992. Subsequently, Sutherland Co.

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submitted bills on April 23, 1992 ($12,735.67) and June 15, 1992 ($2,592.98) for various costs incurred in the months prior to the billings and it was paid by the Committee on June 25, 1992 and July 2, 1992.

The Committee submitted two affidavits from Tucker Sutherland, the principal of Sutherland MultiMedia, dated July 5, 1994 and January 30, 1995. Attachment 19; Attachment 2, p. 158. Mr. Sutherland stated that the invoices submitted to the Committee were primarily expenses incurred by Sutherland Co. from other subcontractors, and that it normally takes time for Sutherland Co. to process the subcontractor bills and to forward them to the Committee. Attachment 19.

This Office recommends that the Commission take no action against Sutherland Multimedia. In most cases the expenses incurred by Sutherland Co. were invoiced to the Committee within a few months of being incurred, and for the most part, the Committee paid the bills within a few months. Further, most of Sutherland Co.'s expenses were initially paid by a corporate credit card, and part of the billing delay to the Committee resulted from waiting for the arrival of credit card statements.

III. PLAN FOR FURTHER INVESTIGATION

Provided that the Commission finds reason to believe as recommended by this report, this Office will need to obtain additional information to fully assess the Committee's activities with respect to Mozark Productions, Inc., Manatt,

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Phelps & Phillips, O'Keefe Ashenden Lyons & Ward and Walter S. Kyle. This Office intends to issue subpoenas and orders to answer questions to the vendors seeking information concerning their usual credit arrangements, their use of retainers, deposits, and contracts with customers, and their debt collection practices. Further, this Office will seek additional information concerning the apparent advances made by some of these vendors for goods or services which appear to have no relation to the vendors' work.

IV. DISCUSSION OF PROPOSED CONCILIATION

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V. RECOMMENDATIONS

1. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(A);

2. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v);

3. Find reason to believe that Paul Carey violated 2 U.S.C. § 441a(a)(1)(A) and enter into conciliation prior to a finding of probable cause;

4. Find reason to believe that Harold Ickes violated 2 U.S.C. § 441a(a)(1)(A) and enter into conciliation prior to a finding of probable cause;

5. Find reason to believe that Kenneth Brody violated 2 U.S.C. § 441a(a)(1)(A) and enter into conciliation prior to a finding of probable cause;

6. Find reason to believe that Shelia Davis Lawrence violated 2 U.S.C. § 441a(a)(1)(A) and enter into conciliation prior to a finding of probable cause;

7. Find reason to believe that Erskine Bowles violated 2 U.S.C. § 441a(a)(1)(A) and enter into conciliation prior to a finding of probable cause;

8. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f), by receiving contributions from Paul Carey; Harold Ickes; Kenneth Brody; Shelia Davis Lawrence; and Erskine Bowles;

9. Find reason to believe that Mozark Productions, Inc. violated 2 U.S.C. § 441b;

10. Find reason to believe that Manatt, Phelps, and Phillips violated 2 U.S.C. § 441a(a)(1)(A);

11. Find reason to believe that O'Keefe Ashenden Lyons and Ward violated 2 U.S.C. § 441a(a)(1)(A);

12. Find reason to believe that Walter S. Kyle violated 2 U.S.C. § 441a(a)(1)(A);

13. Find reason to believe that American Federation of Teachers violated 2 U.S.C. § 441b;

14. Find reason to believe that Newmark and Company Real Estate, Inc. violated 2 U.S.C. § 441b, but take no further action;

15. Find reason to believe that TAC Air violated 2 U.S.C. § 441b, but take no further action;

16. Take no action against Sutherland MultiMedia;

17. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b by receiving contributions from Mozark Productions, Inc. and American Federation of Teachers;

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18. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by receiving contributions from Manatt, Phelps & Phillips; O'Keefe Ashenden Lyons & Ward; and Walter S. Kyle;

19. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b by receiving contributions from Newmark and Company Real Estate, Inc. and TAC Air, but take no further action;

20. Approve the attached subpoenas and orders to answer questions;

21. Approve the attached conciliation agreement with Paul Carey, Harold Ickes, Kenneth Brody, Shelia Davis Lawrence and Erskine Bowles;

22. Approve the attached factual and legal analyses;

23. Sever the portion of this matter relating to Goldman Sachs and Company and incorporate it into MUR 4183;

24. Approve the appropriate letters; and

25. Close the file with respect to Newmark and Company Real Estate, Inc.; TAC Air; and Sutherland Multimedia.

6/21/95
Date

Lawrence M. Noble
General Counsel

Attachments:

1. Audit Referral.
2. Clinton for President Committee Response to Non-Repayment Matters of Final Audit Report (February 22, 1995).
3. Letters to Clinton for President Committee from the Reports Analysis Division (November 21, 1991, August 4, 1992, August 27, 1992).
4. Letter to the Honorable William J. Clinton from Chairman Joan D. Aikens (July 1, 1992).
5. Samples of defective Clinton for President solicitation devices.
6. Schedules of 11 C.F.R. § 116.5 staff advances, prepared by Audit Division.
7. Dun and Bradstreet Report for Mozark Productions, Inc.
8. Invoice from La Maida House to Mozark Productions, Inc., and related documents.

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9. Invoice from Sportsmen's Lodge Banquet Rooms to Mozark Productions, Inc., and related documents.
10. Affidavit of Harry Thomason (June 14, 1994).
11. Invoices from Manatt, Phelps, Phillips & Kantor to Mickey Kantor and Clinton for President Committee.
12. Affidavit of Judi Cunningham (July 1, 1994).
13. Letter to David Wilhelm from Kevin M. O'Keefe (March 20, 1992) and related documents.
14. Affidavit of J. Michael Heaton (May 26, 1994).
15. Affidavit of Walter S. Kyle (June 14, 1994).
16. Affidavit of Rachelle Horowitz (July 1, 1994).
17. Affidavit of Margaret Fennelly (May 25, 1994).
18. Affidavit of James H. Day (June 30, 1994).
19. Affidavit of Tucker Sutherland (July 5, 1994).
20. Proposed Conciliation Agreement with Paul Carey.
21. Proposed Conciliation Agreement with Harold Ickes.
22. Proposed Conciliation Agreement with Kenneth Brody.
23. Proposed Conciliation Agreement with Shelia Davis Lawrence.
24. Proposed Conciliation Agreement with Erskine Bowles.
25. Proposed Subpoena to Mozark Productions, Inc.
26. Proposed Subpoena to Manatt, Phelps & Phillips.
27. Proposed Subpoena to O'Keefe Ashenden Lyons & Ward.
28. Proposed Subpoena to Walter Kyle.
29. Proposed Factual and Legal Analysis to Clinton for President Committee and, J.L. "Skip" Rutherford, as Treasurer.
30. Proposed Factual and Legal Analysis to Paul Carey.
31. Proposed Factual and Legal Analysis to Harold Ickes.
32. Proposed Factual and Legal Analysis to Kenneth Brody.
33. Proposed Factual and Legal Analysis to Shelia Davis Lawrence.
34. Proposed Factual and Legal Analysis to Erskine Bowles.
35. Proposed Factual and Legal Analysis to Mozark Productions, Inc.
36. Proposed Factual and Legal Analysis to Manatt, Phelps & Phillips.
37. Proposed Factual and Legal Analysis to O'Keefe Ashenden Lyons & Ward.
38. Proposed Factual and Legal Analysis to Walter S. Kyle.
39. Proposed Factual and Legal Analysis to American Federation of Teachers.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: JUNE 22, 1995

SUBJECT: MUR 4172 - FIRST GENERAL COUNSEL'S REPORT DATED JUNE 16, 1995.

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The above-captioned document was circulated to the Commission on Monday, June 19, 1995 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	XXX
Commissioner McDonald	
Commissioner McGarry	XXX
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for Tuesday, June 27, 1995.

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

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4172
Clinton For President Committee;	)	
J.L. "Skip" Rutherford, as treasurer;	)	
Paul Carey;	)	
Harold Ickes;	)	
Kenneth Brody;	)	
Erskine Bowles;	)	
Shelia Davis Lawrence;	)	
Mozark Productions, Inc.;	)	
Manatt, Phelps & Phillips;	)	
O'Keefe Ashenden Lyons & Ward;	)	
Walter S. Kyle;	)	
Newmark and Company Real Estate, Inc.;	)	
TAC Air;	)	
American Federation of Teachers	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 15, 1995, do hereby certify that the Commission took the following actions in MUR 4172:

1. Decided by a vote of 5-1 to find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 434(b)(3)(A), but take no further action.

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

(continued)

2. Decided by a vote of 6-0 to find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v), but take no further action.

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

3. Decided by a vote of 6-0 to

a) Find reason to believe that Paul Carey violated 2 U.S.C. § 441a(a)(1)(A) and take no further action;

b) Find reason to believe that Harold Ickes violated 2 U.S.C. § 441a(a)(1)(A) and take no further action;

c) Find reason to believe that Kenneth Brody violated 2 U.S.C. § 441a(a)(1)(A) and take no further action;

d) Find reason to believe that Shelia Davis Lawrence violated 2 U.S.C. § 441a(a)(1)(A) and take no further action;

e) Find reason to believe that Erskine Bowles violated 2 U.S.C. § 441a(a)(1)(A) and take no further action.

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

(continued)

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4. Decided by a vote of 6-0 to find reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 441a(f) by receiving contributions from Paul Carey; Harold Ickes; Kenneth Brody; Shelia Davis Lawrence; and Erskine Bowles.

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

5. Decided by a vote of 6-0 to find reason to believe that Mozark Productions, Inc. violated 2 U.S.C. § 441b

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

6. Decided by a vote of 6-0 to find reason to believe that O'Keefe Ashenden Lyons and Ward violated 2 U.S.C. § 441a(a)(1)(A).

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

(continued)

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7. Decided by a vote of 6-0 to take no action with respect to the General Counsel's recommendation to find reason to believe that Walter S. Kyle violated 2 U.S.C. § 441a(a)(1)(A).

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

8. Decided by a vote of 6-0 to find reason to believe that American Federation of Teachers violated 2 U.S.C. § 441b.

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

9. Decided by a vote of 6-0 to

a) Find reason to believe that Newmark and Company Real Estate, Inc. violated 2 U.S.C. § 441b, but take no further action;

b) Find reason to believe that TAC Air violated 2 U.S.C. § 441b, but take no further action;

c) Take no action against Sutherland MultiMedia;

(continued)

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d) Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 441b by receiving contributions from Mozark Productions, Inc. and American Federation of Teachers.

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

10. Decided by a vote of 6-0 to find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 441a(f) by receiving contributions from O'Keefe Ashenden Lyons & Ward.

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

11. Decided by a vote of 5-0 to find reason to believe that Manatt, Phelps, and Phillips violated 2 U.S.C. § 441a(a)(1)(A) with respect to the fundraising event expenses.

Commissioners Aikens, Elliott, McGarry, Potter, and Thomas voted affirmatively for the decision; Commissioner McDonald recused himself from this issue and was not present during its consideration.

(continued)

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12. Decided by a vote of 5-0 to find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 441a(f) by receiving contributions relating to fundraising events from Manatt, Phelps & Phillips.

Commissioners Aikens, Elliott, McGarry, Potter, and Thomas voted affirmatively for the decision. Commissioner McDonald recused himself with respect to this issue and was not present during its consideration.

13. Decided by a vote of 6-0 to find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as Treasurer, violated 2 U.S.C. § 441b by receiving contributions from Newmark and Company Real Estate, Inc. and TAC Air, but take no further action.

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

14. Decided by a vote of 6-0 to approve subpoenas and orders to answer questions to O'Keefe, Ashenden Lyons & Ward, and to Mozark Productions, Inc. as recommended in the General Counsel's report dated June 16, 1995

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

(continued)

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15. Decided by a vote of 6-0 to

a) Reject recommendation number 21 in the General Counsel's report dated June 16, 1995;

b) Approve the factual and legal analyses as recommended in the General Counsel's June 16, 1995 report

c) Sever the portion of this matter relating to Goldman Sachs and Company and incorporate it into MUR 4183;

d) Approve appropriate letters pursuant to the actions noted above, but add admonishment language in the letters to Paul Carey, Harold Ickes, Kenneth Brody, Shelia Davis Lawrence, and Erskine Bowles, and close the files with respect to these individuals and Walter S. Kyle;

e) Close the file with respect to Newmark and Company Real Estate, Inc.; TAC Air; and Sutherland Multimedia.

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

(continued)

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16. Decided by a vote of 5-0 to approve the subpoena and order to answer questions to Manatt, Phelps & Phillips as recommended in the General Counsel's June 16, 1995 report

Commissioners Aikens, Elliott, McGarry, Potter, and Thomas voted affirmatively for the decision; Commissioner McDonald recused himself with respect to this issue and was not present during its consideration.

Attest:

8-23-95
Date

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

9704380010C

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4172
Clinton For President Committee;	)	
J.L. "Skip" Rutherford, as treasurer;	)	
Paul Carey;	)	
Harold Ickes;	)	
Kenneth Brody;	)	
Erskine Bowles;	)	
Shelia Davis Lawrence;	)	
Mozark Productions, Inc.;	)	
Manatt, Phelps & Phillips;	)	
O'Keefe Ashenden Lyons & Ward;	)	
Walter S. Kyle;	)	
Newmark and Company Real Estate, Inc.;	)	
TAC Air;	)	
American Federation of Teachers	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 16, 1995, a continuation of the executive session of August 15, 1995, do hereby certify that the Commission took the following actions in MUR 4172:

1. Decided by a vote of 5-0 to reconsider the action taken on August 15, 1995 with respect to the factual and legal analysis for the Clinton for President Committee and J.L. "Skip" Rutherford, as Treasurer.

   Commissioners Aikens, Elliott, McDonald, Potter, and Thomas voted affirmatively for the decision. Commissioner McGarry was not present.

(continued)

2. Decided by a vote of 5-0 to approve a factual and legal analyis with respect to the Clinton for President Committee and J.L. "Skip" Rutherford, as Treasurer, as recommended in the General Counsel's June 16, 1995 report

Commissioners Aikens, Elliott, McDonald, Potter, and Thomas voted affirmatively for the decision. Commissioner McGarry was not present.

Attest:

8-23-95
Date

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

9704380102

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1995

Walter Kyle
4 Faneuil Hall
Boston, MA 02109-1632

RE: MUR 4172
Walter Kyle

Dear Mr. Kyle:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission considered the issue of whether you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, in relation to certain transactions between you and the Clinton for President Committee. On August 15, 1995 the Commission decided to take no action on this matter. Accordingly, the Commission has closed the file in this matter as it pertains to you.

This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. 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.

Sincerely,

Lawrence M. Noble
General Counsel

Kim Bright-Coleman

BY: Kim Bright-Coleman
Associate General Counsel

9704380103

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 25, 1995

Tucker Sutherland
President
Sutherland Company
7750 Broadway St.
San Antonio, TX 78209

RE: MUR 4172
Sutherland Company

Dear Mr. Sutherland:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission considered the issue of whether Sutherland Company violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, in relations to certain transactions between Sutherland Company and the Clinton for President Committee. On August 15, 1995 the Commission decided to take no action on this matter. Accordingly, the Commission has closed the file in this matter as it pertains to Sutherland Company.

This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. 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.

Sincerely,

Lawrence M. Noble
General Counsel

Kim Bright-Coleman

BY: Kim Bright-Coleman
Associate General Counsel

9704380104

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

August 25, 1995

Lee Ann Elliott
Vice Chairman
Federal Election Commission
1332 E. Linda Lane
Chandler, AZ 85225

RE: MUR 4172

Dear Vice Chairman Elliott:

The attached materials contain a letter and subpoena approved by the Commission at its August 15, 1995 Executive Session. On August 23, 1995, the Office of General Counsel received a copy of the certification from the Commission Secretary. Upon receipt of the certification, this Office prepared the appropriate letters, including the enclosed letter.

Because the Chairman is recused from matters related to this particular respondent, we request that you, as Vice Chairman, sign the documents on behalf of the Commission. Since this Office would like to expeditiously proceed with this investigation, we decided to forward this packet to you in Arizona for your signature. If possible, please sign the letter and subpoena, and return the package in the enclosed, prepaid, pre-addressed Federal Express envelope.

Thank you for your assistance.

Sincerely,

Peter G. Blumberg
Attorney

Attachment as stated.

cc: Karen Johnson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

J.L. "Skip" Rutherford
Clinton for President Committee
124 West Capitol Street
Suite 1150
Little Rock, AR 72201

Re: MUR 4172

Dear Mr. Rutherford:

On August 15, 1995, the Federal Election Commission ("the Commission") found that there is reason to believe that the Clinton for President Committee ("the Committee"), and you, as treasurer, violated 2 U.S.C. § 434(b)(3)(A); 2 U.S.C. § 434(b)(3)(F); and 11 C.F.R. § 104.3(a)(4)(v), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On the same date, the Commission also found reason to believe that the Committee and you, as treasurer, violated 2 U.S.C. § 441a(f) with respect to contributions received from Erskine Bowles, Kenneth Brody, Paul Carey, Harold Ickes, Shelia Davis Lawrence, O'Keefe Ashenden Lyons & Ward, and Manatt, Phelps & Phillips. Further, on the same date, the Commission found reason to believe that the Committee and you, as treasurer, violated 2 U.S.C. § 441b with respect to contributions from the American Federation of Teachers, Mozark Productions, Inc., Newmark and Company Real Estate, Inc., and TAC Air, Inc.

However, after considering the circumstances of this matter, the Commission also determined to take no further action against the Committee, and you, as treasurer, as it pertains to 2 U.S.C. § 434(b)(3)(A), 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v). The Commission also determined to take no further action against you and the Committee with regard to the 2 U.S.C. § 441b violations involving Newmark and Company Real Estate, Inc. and TAC Air, Inc. Moreover, the Commission decided to take no action with respect to the transactions involving Walter Kyle and Sutherland Company. Finally, the Commission decided to limit its reason to believe finding against Manatt, Phelps & Phillips and Mozark Productions, Inc. to apparent fundraising events paid by these entities on behalf of the Committee. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

With respect to the Commission's finding reason to believe that the Committee and you, as treasurer, violated 2 U.S.C.

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§ 441a(f) as to contributions from Erskine Bowles, Kenneth Brody, Paul Carey, Harold Ickes, Shelia Davis Lawrence, O'Keefe Ashenden Lyons & Ward, and Manatt, Phelps & Phillips (apparent fundraiser costs only), you may submit any factual and legal materials that you believe are relevant to the Commission's consideration of this matter. Similarly, you may submit such information with respect to the Commission's finding reason to believe that the Committee and you, as treasurer, violated 2 U.S.C. 441b as to contributions from the American Federation of Teachers, and Mozark Productions, Inc. (apparent fundraiser costs only). 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 additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five (5) days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel concerning the issues relating to 2 U.S.C. § 434(b)(8), 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, including the Commission's findings that it has chose not to pursue, will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless the Committee and you notify the Commission in writing that you wish the investigation to be made public.

Notwithstanding such confidentiality, the Commission reminds you that the Committee's reporting activity stemming from reimbursements it received from Worldwide Travel, Inc. is a violation of 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v). Moreover, the Commission reminds you that the Committee's reporting activity stemming from contributor occupation and name of employer information is a violation of

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2 U.S.C. § 434(b)(3)(A). Therefore, you should take steps to ensure that these activities do not occur in the future.

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 Peter G. Blumberg or Andre G. Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

cc: William J. Clinton

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Clinton for President Committee
J.L. "Skip" Rutherford, as treasurer

I. BACKGROUND

Pursuant to 26 U.S.C. §9038(a), the Federal Election Commission conducted an audit and examination of the receipts, disbursements, and qualified campaign expenses of the Clinton for President Committee ("the Committee"). In addition, the audit included an evaluation of whether the Committee complied with the Federal Election Campaign Act, as amended ("the Act"). 11 C.F.R. § 9038.1(c)(1)(i) and (iv). This matter was generated from information obtained during the audit of the Committee. 11 C.F.R. § 9038.1(e)(2).

II. LEGAL AND FACTUAL ANALYSIS

A. DISCLOSURE OF CONTRIBUTOR INFORMATION

The Act requires political committees to file reports that disclose the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of $200 within the calendar year. 2 U.S.C. § 434(b)(3)(A). The term "identification" of an individual means the name, mailing address, occupation, and employer of the individual. 2 U.S.C. § 431(13)(A).

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"Identification" for any other person means the full name and address of such person. 2 U.S.C. § 431(13)(B).

In cases where the treasurer of a committee can show that best efforts have been used to obtain, maintain and submit the information required by 2 U.S.C. § 431(13), any report or any records of such committee shall be considered in compliance with the Act. 2 U.S.C. § 432(i). Pursuant to 11 C.F.R. § 104.7(b), the treasurer will not be deemed to have exercised best efforts to obtain the required information unless he or she has made at least one effort per solicitation either by a written request or by an oral request documented in writing to obtain such information from the contributor. An effort to collect the required information shall consist of a clear request for the information (i.e., name, mailing address, occupation and name of employer) and informs the contributor that the reporting of such information is required by law.[1/] 11 C.F.R. § 104.7(b).

The Audit staff tested contributions on a sample basis to determine if the Committee reported the occupation and name of employer information from contributors. The Audit staff found that 49% of the sampled contributions did not

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1/ On October 27, 1993, the Commission amended its regulations regarding the requirements of 11 C.F.R. § 104.7(b). See 58 Fed. Reg. 57729. Since the alleged violations in this matter took place during the 1991-1992 election cycle, this Office used the regulations applicable in that election cycle to form the basis of its factual and legal analysis.

contain the occupation and/or name of employer of the contributors.[2/] A review of Committee solicitations revealed that several solicitation devices failed to properly request the employer information. The devices failed to state that "federal law" required the information and instead stated that the "Federal Election Commission" required the information. Other devices carried no disclaimer at all. Several devices also requested employer addresses, but not the employer's name. Further, the Committee did not have a system to permit the Audit Division to match the Committee's received contributions to the solicitation devices, thereby making it impossible to determine how many contributions were tied to the defective solicitation devices.[3/] According to the Committee, it sent a 17,000 piece mailing in November 1992 to nearly all of the contributors who had been missing "identification" information. The Committee provided a list of the people that it asserts received the letter, and the Audit Division confirmed that those individuals who it identified as missing information were on the list. On July

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2/ These figures were determined during audit fieldwork. However, the lack of reporting information was detected during the campaign as well. Therefore, on November 20, 1991, August 4, 1992, and August 27, 1992, the Reports Analysis Division sent the Committee letters requesting amended disclosure reports containing the required information. Additionally, on July 1, 1992 and August 11, 1992, the Commission sent letters to the Committee notifying it of the reporting obligations set forth at 2 U.S.C. § 434(b)(3)(A) and 11 C.F.R. § 104.7.

3/ The Committee argues that the original mailings satisfy "best efforts" since the solicitation devices contained a request for the information. However, the existence of defective solicitation devices belies this assertion.

2, 1993, the Committee filed amended disclosure reports containing the occupation and name of employer data for some of the contributors who lacked such information in prior reports.

The Committee did not comply with the reporting obligations set forth at 2 U.S.C. § 434(b)(3)(A) prior to its filing of amended disclosure reports on July 2, 1993. Specifically, the Committee did not act to disclose identification information on its contributors even after receiving notifications from the Commission on November 20, 1991, July 1, 1992, August 4, 1992, August 11, 1992, and August 27, 1992. 2 U.S.C. § 434(b)(3)(A). The Committee only reacted to these notices with a mailing after (or around) the general election, and well after the end of the primary election. The amended reports were only produced approximately eight months after this rehabilitation mailing. As a result, the Committee had incomplete disclosure information on the public record for a substantial period of time, thus defeating the purpose of public disclosure - the reporting of accurate and complete contributor information.

The Committee did not execute best efforts to retrieve the employer information. In order to exercise best efforts, the treasurer must make one effort per solicitation and the effort shall consist of a clear request for the information and informs the contributor that the reporting of such information is required by law. 11 C.F.R. § 104.7(b). Contrary to the Committee's argument, the original

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solicitation devices did not satisfy best efforts. Several of the Committee's original solicitation devices were defective, and the Committee was unable to demonstrate that the persons who were missing employer information had received a solicitation device that contained no defects. Further, the Committee was reminded on five occasions during the campaign of its obligation to report employer information. Therefore, there is reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(A).

B. ITEMIZATION OF REFUNDS AND REBATES

The Act requires political committees to file reports that disclose the identification of each person who provides a rebate, refund, or other offset to operating expenditures to the reporting committee in an aggregate amount or value in excess of $200 within the calendar year, together with the date and amount of such receipt. 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v).

During the audit process, the Audit staff found that the Committee received reimbursements in excess of $2,500,000 for travel from the Secret Service and various press organizations. The Committee had Worldwide Travel, Inc. ("Worldwide") receive these reimbursements, deposit them in an escrow account, and transfer the proceeds, less any fees charged, to the Committee's operating account. The Committee then itemized the reimbursements in its disclosure reports as receipts from Worldwide, rather than from the

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specific entity that provided the reimbursement to Worldwide.[4/]

The Committee contends that it properly itemized the reimbursements it received from Worldwide since the disclosure requirements of 2 U.S.C. § 434(b)(3)(F) are satisfied when an independent vendor collects reimbursements on behalf of the Committee. Specifically, the Committee references Advisory Opinion ("AO") 1983-25 where the Commission permitted the Mondale for President committee to report only disbursements to its media vendor and not the vendor's disbursements to media outlets to be hired by the vendor. AO 1983-25. This AO stressed that the vendor was indeed an independent "vendor of media services" and not an arm of the political committee. Id. In contrast to the facts in AO 1983-25, Worldwide was collecting press and Secret Service reimbursements, rather than making disbursements.[5/] Further, these reimbursements were for

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4/ Worldwide was the Committee's travel agent for arranging Committee personnel flights on commercial aircraft. Committee charter travel was arranged directly between the Committee and charter aircraft vendors. The press and Secret Service reimbursements at issue relate to charter trips. Worldwide had no role in arranging the original trips for the press and Secret Service, it only acted as an administrator for the Committee for the collection of the reimbursements.

5/ The Commission's regulations at 11 C.F.R. § 9034.6(b) permit the Committee to accept pro rata reimbursements from the media. The purpose of this provision is to eliminate the possibility that the media or other individuals will subsidize the campaign. Explanation and Justification for Regulations on Public Financing of Presidential General Election Campaigns, 45 Fed. Reg. 43,376 (June 27, 1980) (discussing 11 C.F.R. § 9004.6, the parallel general election regulation to 11 C.F.R. § 9034.6(b)). Therefore, it is important that the Committee report "any reimbursement received ... for transportation or ground services." 11 C.F.R.

services to which Worldwide had no relation in that the Committee paid for the charter flights itself. Worldwide was merely acting as an administrator to collect the reimbursements, rather than as a "vendor" collecting reimbursement for travel that Worldwide had originally booked in its capacity as a vendor of of travel services.

The Committee filed amended disclosure reports on October 14, 1994 which identified each press organization and Secret Service reimbursement to Worldwide. The Committee's failure to do so until this date resulted in incomplete disclosure information on the public record for a substantial period of time. Moreover, the Committee only reported the amounts that it received from the Secret Service and the press organizations. 11 C.F.R. § 9034.6(c). Therefore, there is reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 434(b)(3)(F) and 11 C.F.R. § 104.3(a)(4)(v).

C. STAFF ADVANCES

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). No candidate or political committee shall knowingly accept any contribution that exceeds the contribution limitations. 2 U.S.C. § 441a(f). Moreover, no officer or employee of a

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(Footnote 5 continued from previous page)
§ 9034.6(c).

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political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures. Id.

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an

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individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5; see also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5; 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349 (Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee).

The Commission's audit revealed evidence that five individuals: Paul Carey ($5,358), Harold Ickes ($8,890), Kenneth Brody ($17,962), Erskine Bowles ($15,325), and Shelia Davis Lawrence ($10,947), made excessive contributions to the

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Committee totaling $58,482.[6/] The Committee argues that Paul Carey and Harold Ickes were committee staff, but that Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence were unpaid consultants who provided services to the Committee. With respect to Committee staff, the Committee contends that it re-examined its expenses and concluded that its excessive contribution amounts were significantly smaller than the figures contained in the Interim Audit Report. With respect to the unpaid consultants, the Committee argues that because each of these individuals has "substantial fundraising background and expertise," they may be considered unincorporated vendors. Therefore, the Committee argues that these individuals were unincorporated commercial vendors who volunteered their services and subsequently billed the costs associated with such services to the Committee.

The Committee did not demonstrate during the audit that Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence are unincorporated commercial vendors pursuant to 11 C.F.R. §§ 116.1(c) and 116.3(a). Specifically, the Committee has provided no documentation or other relevant information demonstrating that the usual and normal business activity for these individuals involves fundraising or whether these individuals extended credit to the Committee in the ordinary course of their respective businesses. 11 C.F.R. §§ 116.1(c)

6/ The amounts listed are the highest outstanding excessive contribution amount for each individual, and the total amount of the highest outstanding excessive contributions from these individuals.

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and 116.3(c). Therefore, the expenses are properly analyzed under 11 C.F.R. § 116.5 as expenses by individuals.

From September 1991 to July 1992, Mr. Carey made expenditures for transportation, food, parking, taxi, and miscellaneous costs. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b). Because Mr. Carey paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Carey made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $2.00 to $791.74. On February 29, 1992, Mr. Carey's excessive amount reached its highest at $5,358.[7/]

From November 1991 to September 1992, Mr. Ickes made expenditures for transportation, meals, and telephone costs. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b).

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7/ On February 29, 1992, Mr. Carey's highest excessive amount reached $6,358. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Therefore, Mr. Carey's highest excessive amount on February 29, 1992 was $5,358 ($6,358 - $1,000).

Because Mr. Ickes paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Ickes made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $4.00 to $1,200. On July 18, 1992, Mr. Ickes' excessive amount reached its highest at $8,890.8/

From January 1991 to April 1992, Mr. Brody made expenditures for meals, beverages, and gratuities for a New York City fundraising event as well as expenditures for computers, banners, T-shirts, messenger services, and other assorted items during the course of the campaign. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $9.00 to $8,913. On December 13, 1991, Mr. Brody's excessive amount reached

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8/ On July 18, 1992, Mr. Ickes' highest excessive amount reached $10,019.81. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Moreover, the Audit Division determined that based on the Committee's response to the Interim Audit Report, Mr. Ickes did not make excessive contributions to the Committee totaling $697.98. However, the Audit Division determined that Mr. Ickes made additional expenditures totaling $568.30 for cab fares that were excessive contributions to the Committee. Therefore, Mr. Ickes' highest excessive amount on July 18, 1992 was $8,890 ($10,019.81 - $1,000 - $697.98 + $568.30).

its highest at $17,962. Id.

On February 25, 1992, Ms. Davis Lawrence made expenditures for postage, printing, banquet services, and signage costs for a San Diego fundraising event. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time she incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $58.32 to $4,434.02. On February 27, 1992, Ms. Davis Lawrence's excessive amount reached its highest at $10,947.

Finally, Mr. Bowles made expenditures for room rental, labor, food, decorations, and audio/visual costs for a North Carolina fundraising event held on May 5, 1992. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $105 to $6,756.17. On June 23, 1992, Mr. Bowles' excessive amount reached its highest at $15,325. Id.

Therefore, there is reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting contributions totaling $58,482 in excess of the contribution limitations from these individuals.

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D. EXTENSIONS OF CREDIT, ADVANCES AND USE OF FACILITIES

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). No candidate or political committee shall knowingly accept any contribution that exceeds the contribution limitations. 2 U.S.C. § 441a(f). Moreover, no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures. Id.

It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a corporation to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id. It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. Id.

A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political

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committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id.; see also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

A commercial vendor may extend credit to a committee as long as the credit is for goods and services provided in the vendor's usual and normal business, but if a commercial vendor advances the costs for items not provided by the vendor in its usual and normal business, then the advance is a contribution. Compare 11 C.F.R. § 116.1(c) and 11 C.F.R. § 116.3(b) with 11 C.F.R. § 100.7(a)(1).

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Stockholders and employees of a corporation; or officials, members, and employees of a labor organization, may make occasional, isolated or incidental use of corporate, or, if applicable, labor organization facilities. 11 C.F.R. §§ 114.9(a)(1) and (b)(1). If a person makes more than an occasional, isolated or incidental use of facilities, that person must reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(a)(2) and (b)(2). Persons, other than stockholders, employees, officials, and members who use labor organization or corporate facilities for activity in connection with a Federal election, are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(d). The Commission has determined that, in certain instances, the facilities of an unincorporated partnership may also be used by partners, employees or other persons, and that expenses associated with such a use that is more than occasional, isolated or incidental must be reimbursed to the partnership within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. See AO 1979-22; See also Final Audit Report for Clinton for President Committee.

The referral matters identify several Committee vendors who appear to have made contributions to the Committee by

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extending credit outside the ordinary course of business, making advances or by failing to bill for a use of facilities in a commercially reasonable time. The vendors are Mozark Productions, Inc.; Manatt, Phelps & Phillips; O'Keefe Ashenden Lyons & Ward; Walter S. Kyle; Newmark and Company Real Estate, Inc.; TAC Air; the American Federation of Teachers; and Sutherland Co.

1. Mozark Productions, Inc.

Mozark Productions, Inc. ("Mozark") is a video production vendor. Mozark extended credit to the Committee for video production services and it also appears to have advanced the costs of two fundraisers. According to a Dun and Bradstreet report, Mozark is incorporated in California and its president is Harry Thomason. Mr. Thomason and his spouse, Linda Bloodworth-Thomason made $1,000 contributions to the Committee during the 1992 election cycle. Additionally, it appears that Mr. Thomason organized certain fundraisers for the Committee.[9/]

Mozark oversaw the production of certain promotional videos for the Committee from February through May 1992 which it provided on credit to the Committee. According to Dun and Bradstreet, Mozark's credit "[t]erms are net 7 days for

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9/ In MUR 3797, the Commission found no reason to believe that the Committee received prohibited contributions from two corporations affiliated with Mr. Thomason (Thomason Aircraft Corporation and Thomason, Richland & Martens, Inc.). The matter regarded aircraft services provided to the Committee by these aviation firms under 11 C.F.R. § 114.9(e).

operating expenses and contract basis for balance." The producers' fees for this project were volunteered by Mr. Thomason and his spouse, while the rest of the production costs for editing, make-up, actors, and other miscellaneous production costs were billed by independent contractors to Mozark.[10/] Mozark paid the independent contractors' bills periodically during the production period. Subsequently, in May 1992, Mozark billed the Committee for these costs which totaled $14,019.00. The invoice was paid in full by the Committee in August 1992 and the Committee reported the debt on its disclosure reports during this period.

Mozark invoices also indicate that it paid the costs of meals and associated services for two fundraisers held on behalf of the Committee. The first fundraiser was held on September 13, 1991 at La Maida House restaurant in North Hollywood, California. Mozark paid $3,157.12 for the fundraiser, and was reimbursed within two months by the Committee. The second fundraiser was held on December 6, 1991 at Sportsmen's Lodge Banquet Rooms in Studio City, California. Mozark paid $938.12 for this fundraiser, and was reimbursed by the Committee within a month.

The Committee provided two affidavits from Mr. Thomason, during and following the audit, dated June 14, 1994 and January 3, 1995. Mr. Thomason states that billing a client

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10/ The bills from Mozark demonstrate that the Committee was not charged a producers' fee for these commercials. However, it is not clear whether Mr. Thomason was the actual producer on this project, or if it was another Mozark employee. Mr. Thomason could not claim a volunteer exemption on behalf of one of his employees.

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at the end of a production is "customary" for Mozark. With regard to debt collection, the Committee states that Mozark "has no procedure for following up on the payment of outstanding bills" and, to the best of Mr. Thomason's recollection, has never sent "a follow-up bill to a client."

Mozark's payments to two restaurants for costs incurred for fundraisers appear to be contributions to the Committee. Mozark's "usual and normal" business did not involve providing meals or organizing fundraisers. 11 C.F.R. § 116.1(c). Further, the costs associated with the events were not ancillary to any production work performed by Mozark, but were fundraisers for the Committee. Since the fundraisers occurred outside Mozark's offices, it also does not appear that the events constitute a use of facilities. 11 C.F.R. § 114.9. Therefore, it appears that the payments for the costs associated with the fundraisers are in-kind contributions to the Committee. 11 C.F.R. § 100.7(a)(1).

Therefore, there is reason to believe that Clinton for President, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b by accepting in-kind contributions from Mozark Productions, Inc.

2. Manatt, Phelps & Phillips

Manatt, Phelps & Phillips ("Manatt, Phelps"), f/k/a Manatt, Phelps, Phillips & Kantor, is a law firm with offices in Los Angeles, California and Washington, D.C. A partner of the law firm, Mickey Kantor, was the Campaign Manager for the Committee. During the campaign, Mr. Kantor used Manatt,

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Phelps' facsimile machines, photocopiers, long-distance telephone services and administrative services for Committee work, and charged other Committee-related expenses such as travel and meals on his firm's expense account. The costs involved with these goods and services from September 1991 through July 1992 totaled $120,192. Manatt, Phelps prepared a bill directed to Mr. Kantor at his law firm address for "Campaign Costs" totaling $10,151.62 on January 13, 1992. This bill covered expenses incurred from September 20, 1991 through December 31, 1991. Another bill on May 31, 1992 was delivered by Manatt, Phelps to Mr. Kantor at his law firm address for "Campaign Costs" totaling $97,769.17. This bill covered expenses incurred from February 10, 1992 through May 31, 1992.[11/] On July 28, 1992, Manatt, Phelps submitted a bill to the Committee addressed to David Watkins, a Committee official in Little Rock, Arkansas. The bill itemized costs incurred by the Committee for June 1992 totaling $15,666.79, and it noted that previous amounts due totaled $104,525.27, for an overall balance due of $120,192.06.[12/] The Committee paid the invoices on August 8, 1992 ($60,096.03) and September 12, 1992 ($60,096.03).

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11/ The incurred expenses included two disbursements of $7,542.93 and $7,402.93, respectively, for "the Regency Club."

12/ The July 28, 1992 bill itemized all expenses. However, there exist a few discrepancies with the two earlier invoices sent to Mr. Kantor. For instance, the $7,542.93 billed for "the Regency Club" on the May 31, 1992 bill does not appear on the later invoice.

The Committee submitted two affidavits during and following the audit from Judi Cunningham, the accounting manager for Manatt, Phelps, dated July 1, 1994 and February 21, 1995. Additionally, the Committee submitted an affidavit from David Watkins, the Committee's Deputy Campaign Manager and Director of Operations, dated February 1995. Ms. Cunningham states that Manatt, Phelps prepared invoices for the campaign on January 13, May 31, and July 28, 1992, and that the invoices were sent to the campaign. Having not received payment by July 1992, Manatt, Phelps consulted with the Committee, and reissued a bill for the entire period on July 28, 1992. Ms. Cunningham stated that the billing procedures followed by Manatt, Phelps in this case were similar to those used with other clients, particularly pro bono clients. Ms. Cunningham stated that Manatt, Phelps took "significant pains" to bill the Committee correctly and did not intend to make a political contribution. Ms. Cunningham also described eleven examples where Manatt, Phelps did not bill a client until the end of a project. Some of these examples involve the firm working on a contingency basis for a tort claim, or representing an executor in an estate matter or a trustee in a bankruptcy matter. Mr. Watkins stated that he was unaware of the Committee's obligation to Manatt, Phelps until he received the July 1992 invoice. The Committee's narrative response to the Final Audit Report noted that Mr. Kantor was very busy during the campaign and implies that he may have inadvertently failed to forward the

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firm's bill to the Committee's accounting department. The advances of the costs of events at the "Regency Club" appear to be contributions to the Committee since they do not relate to the firm's usual business and are not a use of the firm's facilities. 11 C.F.R. § 100.7(a)(1); see 11 C.F.R. § 116.3, 11 C.F.R. § 114.9.

Therefore, there is reason to believe that Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f).

3. O'Keefe Ashenden Lyons & Ward

O'Keefe Ashenden Lyons & Ward ("O'Keefe Ashenden") is a law firm based in Chicago, Illinois. Michael O'Keefe, a partner at O'Keefe Ashenden, volunteered as a coordinator for the Clinton campaign for the Illinois Democratic Primary.[13/] Mr. O'Keefe's personal services were provided to the Committee without charge. However, Mr. O'Keefe's travel expenses totaling $5,462.48, and other expenses including food, cash advances, and travel expenses of David Axelrod, a Committee political consultant, totaling $1,752.18, were paid out of the law firm's accounts. These expenses were incurred from October 1991 through March 1992, although they are not itemized with respect to the exact date of each expense. O'Keefe Ashenden billed the Committee in March 1992 for the expenses, and was paid in September 1992. A March 20, 1992 letter from Mr. O'Keefe to the Committee states that O'Keefe

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13/ Six employees of O'Keefe Ashenden made contributions of $1,000 each to the Committee during the 1992 election cycle.

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Ashenden was billing the Committee based on an agreement that it would withhold all bills for expenses pending the end of the Illinois Democratic Primary in March 1992. It appears that O'Keefe Ashenden did not engage in any debt collection efforts in the period from March 1992 through September 1992.

The Committee submitted two affidavits from J. Michael Heaton, a partner at O'Keefe Ashenden, dated June 26, 1994 and January 19, 1995. Mr. Heaton stated that the Committee was billed at the end of Mr. O'Keefe's project [the Illinois Democratic Primary], and that this is similar to the billing procedures the firm employs with other pro bono clients. Mr. Heaton also stated that O'Keefe Ashenden's debt collection policy is to rely on the "client['s] initiative for payment" since this is "conducive to its policy of low-key, non-aggressive client relations." Mr. Heaton also provided several specific examples of situations where the firm delayed billing on a project or failed to receive timely payment on invoices. The firm's role in these matters included representation in a tax assessment protest and certain regulatory matters.

O'Keefe Ashenden advanced to the Committee's benefit costs for travel of one of its partners, travel costs of persons unrelated to the firm, and the costs of various meals. O'Keefe Ashenden held on to bills payable by the Committee for several months pending the completion of the Illinois Democratic Primary. Following that, the firm failed

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to follow-up on an overdue invoice for a period of six months until it was finally paid.

The firm's ties to the Committee, through Mr. O'Keefe role as a Committee volunteer and other employees' political contributions indicate that O'Keefe Ashenden may have offered credit outside its ordinary course of business. The Committee had no apparent credit history with the law firm, nor does it appear that a contract was signed or a retainer paid. The Committee's submissions demonstrate that O'Keefe Ashenden has in isolated instances delayed billing or failed to collect on an invoice. However, this does not demonstrate the vendor's ordinary course of business with respect to credit extension and debt collection.

Therefore, there is reason to believe that Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f).

4. American Federation of Teachers

The American Federation of Teachers ("the AFT") is a labor organization. On April 5, 1992, the AFT purchased newspaper space in the New York Times to place an article by Albert Shanker, the President of the AFT, endorsing then Governor Clinton. The AFT purchases this newspaper space every week to run Mr. Shanker's "column." In this case, the column contained a disclaimer stating that the Committee was paying for the space. Subsequently, on May 14, 1992, the AFT billed the Committee $12,126, the cost of the newspaper space. The original invoice was never paid by the Committee,

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and only after a new bill was issued in February 1993 did the Committee make a disbursement to cover the costs of the newspaper space.

The Committee submitted two affidavits from Rachelle Horowitz, Senior Adviser to the AFT, dated July 1, 1994 and February 3, 1995. Ms. Horowitz stated that the original bill was incorrectly submitted to the Committee since it invoiced the AFT, rather than the Committee. Due to this discrepancy, the Committee did not pay the bill.

The value that the Committee received as a result of AFT advancing the costs of a newspaper advertisement is a contribution to the Committee. 11 C.F.R. § 100.7(a)(1). As a labor organization, AFT was prohibited from making such an advance. 2 U.S.C. § 441b. Further, since the AFT purchased this newspaper space on a regular basis, it is possible that the AFT passed on a discounted rate to the Committee that was not the usual and normal charge for securing newspaper advertising space. 11 C.F.R. §§ 100.7(a)(1)(iii)(A) and (B). By possibly providing discounted newspaper advertising space, the AFT may have made a contribution to the Committee. Therefore, there is reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b.

5. Newmark and Company Real Estate, Inc.

Newmark and Company Real Estate, Inc. ("Newmark") is a property management company located in New York City. Newmark leased office space to the Committee in a building in

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Manhattan. The Committee first occupied space in the building in December 1991 and remained there through August 1992. The Committee had a month-to-month lease with Newmark. The Committee made its first rent payment of $4,000 to Newmark in March 1992. It subsequently made a payment of $750.00 on March 31, 1992 and on April 1, 1992 for a security deposit. The Committee made no more payments, and received no invoices for payment until August 1992, when it was invoiced $20,730.40 for all back-rent. The Committee paid that amount in October 1992. A Dun and Bradstreet search on Newmark revealed that it is based in New York City, employs 300 people, and had sales of $50 million in 1994. No Newmark employees made contributions to the Committee, although employees are politically active, contributing to several federal committees in the 1992 election cycle.

The Committee submitted two affidavits, dated May 25, 1994 and January 25, 1995 from Margaret Fennelly, the Managing Agent of the property leased by the Committee. Ms. Fennelly explained that the billing delay resulted from an error made by Newmark. Ms. Fennelly stated that the Committee was not sent invoices for a five-month period because the Committee's lease was inadvertently not entered into Newmark's billing system. Ms. Fennelly stated that, as a large property management company, Newmark suffers billing errors occasionally, and described several such instances.

Newmark failed to invoice the Committee from April 1992 through August 1992, allowing the Committee to carry a

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balance of over $20,000. Therefore, there is reason to believe that Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b.

6. TAC Air

TAC Air is a division of Truman Arnold Company, a vendor engaging in charter air services. TAC Air provided charter air service for various flights to the Committee on January 27, 1992, and billed the Committee $9,370 on February 25, 1992 for the flights.[14/] The invoice was paid by the Committee on August 10, 1992. TAC Air's corporate parent, Truman Arnold Company alsc provided the candidate with use of its corporate jet on several occasion during the campaign pursuant to 11 C.F.R. § 114.9(e).

The Committee submitted an affidavit from James H. Day, a vice-president of Truman Arnold Company, dated June 30, 1994, and an affidavit from Ron Oradat, Truman Arnold Company's credit manager, dated January 31, 1995. Mr. Day stated that TAC Air erroneously applied a Committee payment of April 6, 1992 that was intended as prepayment for corporate charter service under 11 C.F.R. § 114.9(e) to the bill for the January flights at issue. Thus, Mr. Day states TAC Air books did not show a debt for the January flights. Mr. Oradat provided additional explanations of TAC Air's

14/ At the time of the transaction, TAC Air was licensed to offer commercial services, thus a prepayment for the air service was not required. 11 C.F.R. § 114.9(e).

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billing processes, and stated that it was not unusual for TAC Air to have overdue bills from customers.

TAC Air failed to collect on an invoice to the Committee from February 1992 until August 1992, allowing the Committee to carry a balance of over $9,000 for that period. Therefore, there is reason to believe that Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 12, 1995

Kenneth Brody
2991 Woodland Drive, N.W.
Washington, D.C. 20008

RE: MUR 4172
Kenneth Brody

Dear Mr. Brody:

On August 15, 1995, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee ("the Committee). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. See 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andra Pineda, the attorneys assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Kenneth Brody MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such

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expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5. See also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349

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(Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

The Committee argues that Kenneth Brody was an unpaid consultant who provided services to the Committee. The Committee further argues that because Mr. Brody has "substantial fundraising background and expertise," he may be considered an unincorporated vendor. Therefore, the Committee argues that Mr. Brody is an unincorporated commercial vendor who volunteered his services and subsequently billed the costs associated with such services to the Committee.

The Committee has not demonstrated that Kenneth Brody is an unincorporated commercial vendor pursuant to 11 C.F.R. §§ 116.1(c) and 116.3(a). Specifically, the Committee has provided no documentation or other relevant information demonstrating that the usual and normal business activity for Mr. Brody involves fundraising or whether Mr. Brody extended credit to the Committee in the ordinary course of his business. 11 C.F.R. §§ 116.1(c) and 116.3(c). Therefore, Mr. Brody's expenses are properly analyzed under 11 C.F.R. § 116.5 as expenses by an individual.

From January 1991 to April 1992, Mr. Brody made expenditures for meals, beverages, and gratuities for a New York City fundraising event as well as expenditures for computers, banners, T-shirts, messenger services, and other assorted items during the course of the campaign. Because these expenditures were for the subsistence of others, these expenditures resulted in

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contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $9.00 to $8,913. On December 13, 1991, Mr. Brody's excessive amount reached its highest at $17,962. Id.

Therefore, there is reason to believe that Kenneth Brody violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 12, 1995

Harold Ickes
3107 Dumbarton Street, N.W.
Washington, D.C. 20007

RE: MUR 4172
Harold Ickes

Dear Mr. Ickes:

On August 15, 1995, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee ("the Committee). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. See 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

9704380042

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Harold Ickes MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such

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expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5. See also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349

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(Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

From November 1991 to September 1992, Mr. Ickes made expenditures for transportation, meals, and telephone costs. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b). Because Mr. Ickes paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Ickes made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $4.00 to $1,200. On July 18, 1992, Mr. Ickes' excessive amount reached its highest at $8,890.[1/]

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1/ On July 18, 1992, Mr. Ickes' highest excessive amount reached $10,019.81. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Moreover, the Audit Division determined that based on the Committee's response to the Interim Audit Report, Mr. Ickes did not make excessive contributions to the Committee totaling $697.98. However, the Audit Division determined that Mr. Ickes made additional expenditures totaling $568.30 for cab fares that were excessive contributions to the Committee. Therefore, Mr. Ickes' highest excessive amount on July 18, 1992 was $8,890 ($10,019.81 - $1,000 - $697.98 + $568.30).

Therefore, there is reason to believe that Harold Ickes violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

Paul Carey
700 New Hampshire Avenue, N.W.
Washington, D.C. 20037

RE: MUR 4172
Paul Carey

Dear Mr. Carey:

On August 15, 1995, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee ("the Committee). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. See 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Paul Carey MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such

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expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5. See also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349

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(Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

From September 1991 to July 1992, Mr. Carey made expenditures for transportation, food, parking, taxi, and miscellaneous costs. Since these expenditures were for himself and for the subsistence of others, these expenditures resulted in contributions to the Committee. 11 C.F.R. § 116.5(b). Because Mr. Carey paid for his own travel and subsistence costs with his personal credit card or by means other than his personal credit card, and because he was not reimbursed for these costs within 30 or 60 days, he made contributions to the Committee. Id. By making expenditures for the subsistence of others, Mr. Carey made contributions to the Committee at the time he incurred such expenditures. Id. The above-stated expenditures ranged from $2.00 to $791.74. On February 29, 1992, Mr. Carey's excessive amount reached its highest at $5,358.[1/]

Therefore, there is reason to believe that Paul Carey violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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1/ On February 29, 1992, Mr. Carey's highest excessive amount reached $6,358. However, pursuant to 11 C.F.R. § 100.7(b)(8), Mr. Carey was entitled to spend an aggregate of $1,000 per election for personal transportation expenses on behalf President Clinton without such expenditures counted as contributions. Therefore, Mr. Carey's highest excessive amount on February 29, 1992 was $5,358 ($6,358 - $1,000).

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

Erskine Bowles
227 W. Trade Street #2400
Charlotte, NC 28202

RE: MUR 4172
Erskine Bowles

Dear Mr. Bowles:

On August 15, 1995, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee ("the Committee). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. See 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Erskine Bowles MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such

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expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5. See also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349

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(Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

Erskine Bowles made excessive contributions to the Committee totaling $15,325.[1/] The Committee argues that Erskine Bowles was an unpaid consultant who provided services to the Committee. The Committee further argues that because Mr. Bowles has "substantial fundraising background and expertise," he may be considered an unincorporated vendor. Therefore, the Committee argues that Mr. Bowles is an unincorporated commercial vendor who volunteered his services and subsequently billed the costs associated with such services to the Committee.

The Committee has not demonstrated that Erskine Bowles is an unincorporated commercial vendor pursuant to 11 C.F.R. §§ 116.1(c) and 116.3(a). Specifically, the Committee has provided no documentation or other relevant information demonstrating that the usual and normal business activity for Mr. Bowles involves fundraising or whether Mr. Bowles extended credit to the Committee in the ordinary course of his business. 11 C.F.R. §§ 116.1(c) and 116.3(c). Therefore, Mr. Bowles' expenses are properly analyzed under 11 C.F.R. § 116.5 as expenses by an individual.

Finally, Mr. Bowles made expenditures for room rental, labor, food, decorations, and audio/visual costs for a North Carolina fundraising event held on May 5, 1992. Because these expenditures

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1/ The amount listed is the highest outstanding excessive contribution amount for Mr. Bowles.

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were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $105 to $6,756.17. On June 23, 1992, Mr. Bowles' excessive amount reached its highest at $15,325. Id.

Therefore, there is reason to believe that Erskine Bowles violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

Shelia Davis Lawrence
1500 Orange Avenue
Coronado, California 92118

RE: MUR 4172
Shelia Davis Lawrence

Dear Ms. Davis Lawrence:

On August 15, 1995, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee ("the Committee). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. See 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690 or (800) 424-9530.

Sincerely,

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

9704380056

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Shelia Davis Lawrence MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such

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expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); see also, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. Id. When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5. See also, Explanation and Justification of 11 C.F.R. § 116.5(b), 55 Fed. Reg. 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. Explanation and Justification for 11 C.F.R. § 116.5, 55 Fed. Reg. 26382-3 (June 27, 1989); see also MUR 1349

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(Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

The Committee argues that Shelia Davis Lawrence was an unpaid consultant who provided services to the Committee. The Committee further argues that because Ms. Davis Lawrence has "substantial fundraising background and expertise," he may be considered an unincorporated vendor. Therefore, the Committee argues that Ms. Davis Lawrence is an unincorporated commercial vendor who volunteered his services and subsequently billed the costs associated with such services to the Committee.

The Committee has not demonstrated that Ms. Davis Lawrence is an unincorporated commercial vendor pursuant to 11 C.F.R. §§ 116.1(c) and 116.3(a). Specifically, the Committee has provided no documentation or other relevant information demonstrating that the usual and normal business activity for Ms. Davis Lawrence involves fundraising or whether Ms. Davis Lawrence extended credit to the Committee in the ordinary course of his business. 11 C.F.R. §§ 116.1(c) and 116.3(c). Therefore, Ms. Davis Lawrence's expenses are properly analyzed under 11 C.F.R. § 116.5 as expenses by an individual.

On February 25, 1992, Ms. Davis Lawrence made expenditures for postage, printing, banquet services, and signage costs for a San Diego fundraising event. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time she incurred such

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expenditures. 11 C.F.R. § 116.5(b). These expenditures ranged from $58.32 to $4,434.02. On February 27, 1992, Ms. Davis Lawrence's excessive amount reached its highest at $10,947.

Therefore, there is reason to believe that Shelia Davis Lawrence violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 12, 1995

Aaron Gural
Chairman of the Board
Newmark & Company Real Estate, Inc.
1501 Broadway, 17th floor
New York, NY 10036-5669

RE: MUR 4172
Newmark & Company
Real Estate, Inc.

Dear Mr. Gural:

On August 15, 1995, the Federal Election Commission found reason to believe that Newmark & Company Real Estate, Inc. ("Newmark") violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act."). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to Newmark. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny B. McDonald
Chairman

Enclosure
Factual and Legal Analysis

9704380016

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Newmark and Company Real Estate, Inc. MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on transactions between Newmark and Company Real Estate, Inc. and the Clinton for President Committee ("the Committee").

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a corporation to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id. It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. Id.

A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a

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contribution provided that the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id. See also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

Newmark and Company Real Estate, Inc. ("Newmark") is a property management company in New York City. Newmark leased office space to the Committee in a building in Manhattan. The Committee first occupied space in the building in December 1991, and remained there through August 1992. The Committee had a month-to-month lease with Newmark. The Committee made its first rent payment of $4,000 to Newmark in March 1992. It subsequently made a payment of $750.00 on March 31, 1992 and on April 1, 1992 for a security deposit. The Committee made no more payments, and received no invoices for payment until August 1992, when it was

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invoiced $20,730.40 for all back-rent. The Committee paid that amount in October 1992. A Dun and Bradstreet search on Newmark revealed that it is based in New York City, employs 300 people, and had sales of $50 million in 1994. No Newmark employees made contributions to the Committee, although employees are politically active, contributing to several federal committee in the 1992 election cycle.

The Committee submitted two affidavits, dated May 25, 1994 and January 25, 1995 from Margaret Fennelly, the Managing Agent of the property leased by the Committee. Ms. Fennelly explained that the billing delay resulted from an error made by Newmark. Id. Ms. Fennelly stated that the Committee was not sent invoices for a five month period because the Committee's lease was inadvertently not entered into Newmark's billing system. Ms. Fennelly stated that, as a large property management company, Newmark suffers billing errors occasionally, and described several such instances.

The Commission has found reason to believe that Newmark has violated 2 U.S.C. § 441b by making prohibited contributions to the Committee. Newmark failed to invoice the Committee from April 1992 through August 1992, allowing the Committee to carry a balance of over $20,000.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 12, 1995

Albert Shanker
President
American Federation of Teachers
555 New Jersey Ave., N.W.
Washington, D.C. 20001

RE: MUR 4172
American Federation of Teachers

Dear Mr. Shanker:

On June 15, 1995, the Federal Election Commission found that there is reason to believe the American Federation of Teachers violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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 additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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

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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 investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

9704380016 6

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: American Federation of Teachers MUR: 4172

I. BACKGROUND

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on transactions between the American Federation of Teachers and the Clinton for President Committee ("the Committee").

II. FACTUAL AND LEGAL ANALYSIS

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). It is unlawful for any labor organization to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a labor organization to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id.

The American Federation of Teachers ("the AFT") is a labor organization. On April 5, 1992, the AFT purchased newspaper space in the New York Times to place an article by Albert Shanker, the President of the AFT, endorsing then Governor Clinton. The AFT

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purchases this newspaper space every week to run Mr. Shanker's "column." In this case, the column contained a disclaimer stating that the Committee was paying for the space. Subsequently, on May 14, 1992, the AFT billed the Committee $12,126, the cost of the newspaper space. The original invoice was never paid by the Committee, and only after a new bill was issued in February 1993 did the Committee make a disbursement to cover the costs of the newspaper space.

The Committee submitted two affidavits from Rachelle Horowitz, Senior Adviser to the AFT, dated July 1, 1994 and February 3, 1995. Ms. Horowitz stated that the original bill was incorrectly submitted to the Committee since it invoiced the AFT, rather than the Committee. Due to this discrepancy, the Committee did not pay the bill.

The value that the Committee received as a result of AFT advancing the costs of a newspaper advertisement is a contribution to the Committee. 11 C.F.R. § 100.7(a)(1). As a labor organization, AFT was prohibited from making such an advance. 2 U.S.C. § 441b. Further, since the AFT purchased this newspaper space on a regular basis, it is possible that the AFT passed on a discounted rate to the Committee that was not the usual and normal charge for securing newspaper advertising space. 11 C.F.R. §§ 100.7(a)(1)(iii)(A) and (B). By possibly providing discounted newspaper advertising space, the AFT may have made a contribution to the Committee.

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Therefore, there is reason to believe that the American Federation of Teachers violated 2 U.S.C. § 441b by making prohibited contributions to the Committee.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

Greg Arnold
Vice President
TAC Air, Inc.
Rt. 12, Box 6368-2
Texarkana, AR 75502

RE: MUR 4172
TAC Air, Inc.

Dear Mr. Arnold:

On August 15, 1995, the Federal Election Commission found reason to believe that TAC Air, Inc. violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act."). However, after considering the circumstances of this matter, the Commission also determined to take no further action and closed its file as it pertains to TAC Air, Inc. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: TAC Air, Inc. MUR: 4172

I. BACKGROUND

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on transactions between TAC Air, Inc. and the Clinton for President Committee ("the Committee").

II. FACTUAL AND LEGAL BASIS

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a corporation to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id. It is also unlawful for any candidate or political committee to accept or receive any contribution from a corporation. Id.

A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. 11 C.F.R.

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§ 116.3(a). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id. See also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

TAC Air ("TAC") is a division of Truman Arnold Company, a vendor engaging in charter air services. TAC provided charter air service for various flights to the Committee on January 27, 1992, and billed the Committee $9,370 on February 25, 1992 for the flights.[1/] The invoice was paid by the Committee on August 10, 1992. TAC's corporate parent, Truman Arnold Company also provided the candidate with use of its corporate jet on several occasion

1/ At the time of the transaction, TAC Air was licensed to offer commercial services, thus a prepayment for the air service was not required. 11 C.F.R. § 114.9(e).

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during the campaign pursuant to 11 C.F.R. § 114.9(e).

The Committee submitted an affidavit from James H. Day, a Vice-President of TAC, dated June 30, 1994, and an affidavit from Ron Oradat, TAC Air's Credit Manager, dated January 31, 1995. Mr. Day stated that TAC erroneously applied a Committee payment of April 6, 1992 that was intended as prepayment for corporate charter service under 11 C.F.R. § 114.9(e) to the bill for the January flights at issue. Thus, Mr. Day states TAC books did not show a debt for the January flights. Mr. Oradat provided additional explanations of TAC Air's billing processes, and stated that it was not unusual for TAC Air to have overdue bills from customers.

The Commission has found reason to believe that TAC Air has violated 2 U.S.C. § 441b by making prohibited contributions to the Committee. TAC Air failed to collect on an invoice to the Committee from February 1992 until August 1992, allowing the Committee to carry a balance of over $9,000 for that period.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 12, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Managing Partner
Manatt, Phelps & Phillips
f/k/a Manatt, Phelps, Phillips & Kantor
11355 West Olympic Blvd.
Los Angeles, CA 90064-1614

RE: MUR 4172
Manatt, Phelps & Phillips

Dear Managing Partner:

On August 15, 1995, the Federal Election Commission found that there is reason to believe Manatt, Phelps & Phillips, formerly known as Manatt, Phelps, Phillips & Kantor ("Manatt, Phelps"), violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by advancing funds for the costs of certain apparent fundraisers for the Clinton for President Committee ("the Committee"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission also considered the issue of whether Manatt, Phelps violated 2 U.S.C. § 441a(a)(1)(A) with regard to extensions of credit made by Manatt, Phelps to the Committee and the use of your facilities by the Committee. On August 15, 1995, the Commission decided to limit its reason to believe finding to the costs associated with the apparent fundraisers. The attached Factual and Legal Analysis also addresses this finding.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Subpoena to Produce Documents must be submitted within 30 days of your receipt of this subpoena. Any additional materials or statements you wish to submit should accompany the response to the subpoena. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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You may consult with an attorney and have an attorney assist you in the preparation of your responses to this subpoena. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications or other communications from the Commission.

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, requests for pre-probable cause conciliation will not be entertained 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 Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Vice Chairman

Enclosures
Subpoena
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Manatt, Phelps & Phillips) MUR 4172
)

SUBPOENA TO PRODUCE DOCUMENTS

TO: Manatt, Phelps & Phillips
f/k/a Manatt, Phelps, Phillips & Kantor
11355 West Olympic Blvd.
Los Angeles, CA 90064-1614

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above captioned matter, the Federal Election Commission hereby orders you to submit the documents listed on this Subpoena.

Notice is given that these documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, within 30 days of your receipt of this Order and Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this 12th day of September, 1995.

For the Commission,

Lee Ann Elliott

Lee Ann Elliott, Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (3 pages)

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I. INSTRUCTIONS

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from July 1991 to the present.

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

II. DEFINITIONS

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

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

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

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

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

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

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

III. REQUEST FOR PRODUCTION OF DOCUMENTS

Within 30 days of service of this request, Manatt, Phelps & Phillips, f/k/a Manatt, Phelps, Phillips & Kantor ("Manatt, Phelps") is required to produce documentation relevant to transactions with or for Clinton for President ("the Committee"), William J. Clinton ("the candidate") or agents, thereof. Specifically the recipient must produce:

(1) all documentation related to an expenditure to any entity called "the Regency Club" in the amount of $7,542.93 incurred by Manatt, Phelps on behalf of the Committee on or around April 13, 1992, including, but not limited to, canceled checks and invoices related to Manatt, Phelps' payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance;

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(2) all documentation related to an expenditure to any entity called "the Regency Club" in the amount of $7,402.93 incurred by Manatt, Phelps on behalf of the Committee on or around April 23, 1992, including, but not limited to, canceled checks and invoices related to Manatt, Phelps' payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance;

(3) all Manatt, Phelps vendor statements, invoices or other documents which detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to "the Regency Club;"

(4) the identity of the person or persons most familiar with the goods or services provided by "the Regency Club" to Manatt, Phelps and/or to the Committee, the candidate, or agents, thereof;

(5) the identity of the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by "the Regency Club" to Manatt, Phelps and/or to the Committee, the candidate, or agents, thereof.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Manatt, Phelps & Phillips

I. BACKGROUND

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information concerns transactions between Manatt, Phelps, Phillips & Kantor and the Clinton for President Committee ("the Committee").

II. LEGAL AND FACTUAL ANALYSIS

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or

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political committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id.; see also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

A commercial vendor may extend credit to a committee for goods and services provided by the vendor as long as the credit is in the ordinary course of business, but if a commercial vendor advances the costs for items not provided by the vendor, then the advance is a contribution. Compare 11 C.F.R. § 116.1(c) and 11 C.F.R. § 116.3(b) with 11 C.F.R. § 100.7(a)(1).

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Stockholders and employees of a corporation; or officials, members, and employees of a labor organization, may make occasional, isolated or incidental use of corporate or; if applicable, labor organization facilities. 11 C.F.R. §§ 114.9(a)(1) and (b)(1). If a person makes more than an occasional, isolated or incidental use of facilities, that person must reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(a)(2) and (b)(2). Persons, other than stockholders, employees, officials, and members who use labor organization or corporate facilities for activity in connection with a Federal election, are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(d). The Commission has determined that, in certain instances, the facilities of an unincorporated partnership may also be used by partners, employees or other persons, and that expenses associated with such a use that is more than occasional, isolated or incidental must be reimbursed to the partnership within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. See AO 1979-22; See also Final Audit Report for Clinton for President Committee.

Manatt, Phelps & Phillips ("Manatt, Phelps"), f/k/a Manatt, Phelps, Phillips & Kantor, is a law firm with offices

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in Los Angeles, California and Washington, D.C. A partner of the law firm, Mickey Kantor, was the Campaign Manager for the Committee. During the campaign, Mr. Kantor used Manatt, Phelps' facsimile machines, photocopiers, long-distance telephone services and administrative services for Committee work, and charged other Committee-related expenses such as travel and meals on his firm's expense account. The costs involved with these goods and services from September 1991 through July 1992 totaled $120,192. Manatt, Phelps prepared a bill directed to Mr. Kantor at his law firm address for "Campaign Costs" totaling $10,151.62 on January 13, 1992. This bill covered expenses incurred from September 20, 1991 through December 31, 1991. Another bill on May 31, 1992 was delivered by Manatt, Phelps to Mr. Kantor at his law firm address for "Campaign Costs" totaling $97,769.17. This bill covered expenses incurred from February 10, 1992 through May 31, 1992.1/ On July 28, 1992, Manatt, Phelps submitted a bill to the Committee addressed to David Watkins, a Committee official in Little Rock, Arkansas. The bill itemized costs incurred by the Committee for June 1992 totaling $15,666.79, and it noted that previous amounts due totaled $104,525.27, for an overall balance due of $120,192.06.2/ The Committee

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1/ The incurred expenses included two disbursements of $7,542.93 and $7,402.93, respectively, for "the Regency Club."

2/ The July 28, 1992 bill itemized all expenses. However, there exist a few discrepancies with the two earlier invoices sent to Mr. Kantor. For instance, the $7,542.93 billed for "the Regency Club" on the May 31, 1992 bill does not appear on the later invoice.

paid the invoices on August 8, 1992 ($60,096.03) and September 12, 1992 ($60,096.03).

The Committee submitted two affidavits during and following the audit from Judi Cunningham, the accounting manager for Manatt, Phelps, dated July 1, 1994 and February 21, 1995. Additionally, the Committee submitted an affidavit from David Watkins, the Committee's Deputy Campaign Manager and Director of Operations, dated February 1995. Ms. Cunningham states that Manatt, Phelps prepared invoices for the campaign on January 13, May 31, and July 28, 1992, and that the invoices were sent to the campaign. Having not received payment by July 1992, Manatt, Phelps consulted with the Committee, and reissued a bill for the entire period on July 28, 1992. Ms. Cunningham stated that the billing procedures followed by Manatt, Phelps in this case were similar to those used with other clients, particularly pro bono clients. Ms. Cunningham stated that Manatt, Phelps took "significant pains" to bill the Committee correctly and did not intend to make a political contribution. Ms. Cunningham also described eleven examples where Manatt, Phelps did not bill a client until the end of a project. Some of these examples involve the firm working on a contingency basis for a tort claim, or representing an executor in an estate matter or a trustee in a bankruptcy matter. Mr. Watkins stated that he was unaware of the Committee's obligation to Manatt, Phelps until the July 1992 invoice was received by him. The Committee's narrative response to the Final Audit Report

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noted that Mr. Kantor was very busy during the campaign and implies that he may have inadvertently failed to forward the firm's bill to the Committee's accounting department.

The advances of the costs of events at the "Regency Club" appear to be contributions to the Committee since they do not appear to relate to the firm's usual business and do not appear to be a use of the firm's facilities. 11 C.F.R. § 100.7(a)(1); see 11 C.F.R. § 114.9 and 116.3.

Therefore, there is reason to believe that Manatt, Phelps & Phillips f/k/a Manatt, Phelps, Phillips & Kantor violated 2 U.S.C. § 441a(a)(1)(A) by advancing the costs incurred on behalf of the Committee from an entity called the "Regency Club."

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 28, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Managing Partner
O'Keefe Ashenden Lyons & Ward
30 North LaSalle St.
Suite 4100
Chicago, IL 60602

RE: MUR 4172
O'Keefe Ashenden Lyons & Ward

Dear Managing Partner:

On August 15, 1995, the Federal Election Commission found that there is reason to believe O'Keefe Ashenden Lyons & Ward violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Subpoena to Produce Documents must be submitted within 30 days of your receipt of this subpoena. Any additional materials or statements you wish to submit should accompany the response to the subpoena. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this subpoena. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications or other communications from the Commission.

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

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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, requests for pre-probable cause conciliation will not be entertained 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 Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
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Designation of Counsel Form

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
O'Keefe Ashenden Lyons & Ward) MUR 4172
)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: O'Keefe Ashenden Lyons & Ward
30 North LaSalle St.
Suite 4100
Chicago, IL 60602

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas the documents listed on this Subpoena.

Notice is given that these documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, within 30 days of your receipt of this Order and Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this 25th day of August, 1995.

For the Commission,

Danny L. McDonald

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Document Request and Questions (4 pages)

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I. INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from July 1991 to the present.

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

II. DEFINITIONS

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

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

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

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

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

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

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

III. REQUEST FOR PRODUCTION OF DOCUMENTS

Within 30 days of service of this request, O'Keefe Ashenden Lyons & Ward ("O'Keefe Ashenden") is required to produce documentation relevant to transactions with Clinton for President ("the Committee"), William J. Clinton ("the candidate") or agents, thereof. Specifically the recipient must produce:

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(1) all vendor statements, invoices or other documents that detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to services provided by, or through, O'Keefe Ashenden;

(2) identify the person or persons most familiar with the goods or services provided by O'Keefe Ashenden to the Committee, the candidate, or agents, thereof;

(3) identify the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by O'Keefe Ashenden to the Committee, the candidate, or agents, thereof;

(4) identify the person or persons most familiar with the billing procedures of O'Keefe Ashenden in general;

(5) list all disbursements made from O'Keefe Ashenden accounts on behalf of the Committee, the candidate, or agents, thereof;

(6) list the percentage of all O'Keefe Ashenden clients who pay retainers or deposits to O'Keefe Ashenden for goods or services prior to receiving such goods or services, and provide documentation supporting such a percentage;

(7) list the percentage of new, first-time, O'Keefe Ashenden clients who pay retainers or deposits to O'Keefe Ashenden for goods or services prior to receiving such goods or services, and provide documentation supporting such a percentage;

(8) list all new, first-time, O'Keefe Ashenden clients that have received goods or services from O'Keefe Ashenden in amounts totaling approximately $8,000, over a period of twelve months, prior to the client making its first payment, and provide supporting documentation. Indicate whether the client was expected to pay, and was invoiced, on a regular basis (e.g. monthly, quarterly) or if the client was expected to pay, and was invoiced, at the end of the project or end of your representation;

(9) list the percentage of O'Keefe Ashenden clients that get billed on a monthly basis; on an annual basis; and on monthly bases of two, months, three months, and so on, up to twelve months, and provide documentation supporting such a percentage;

(10) list the percentage of O'Keefe Ashenden clients that get billed at the end of a project, rather than on a monthly basis or similar basis, and provide documentation supporting such a percentage;

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(11) documentation detailing O'Keefe Ashenden efforts to collect the debt owed by the Committee. This includes, but is not limited to, collection letters sent to the Committee, collection agency correspondence, phone logs detailing telephone calls made to collect the debt, Committee's responses to the vendor's efforts, explanations or documentation describing the vendor's industry's custom for debt collection;

(12) any contracts, leases or other agreements between O'Keefe Ashenden and the Committee.

IV. ORDER TO ANSWER QUESTION

Within 20 days of service of this request O'Keefe Ashenden Lyons & Ward is required to submit written answers to the following questions:

(1) Has O'Keefe Ashenden hired a collection attorney, a collection agency, a collection service, or a similar entity, to assist in its debt collection efforts against a person owing a debt to O'Keefe, Ashenden? If so, list all instances, including the name of the collection entity; its place of business; the date of hire of the collection entity; the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

(2) Has O'Keefe Ashenden filed suit in a state, federal or other jurisdictional court against a person to collect a debt owed to it? If so, list all instances, including the name and filing number of the suit; the date of the suit; the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection; the status or disposition of the suit.

(3) Has O'Keefe Ashenden sent a collection letter, or similar dunning correspondence to a person with a past-due account owed to O'Keefe, Ashenden? If so, list all instances, including the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

(4) Has O'Keefe Ashenden sent a second invoice or past-due notice to a person with a past-due account owed to O'Keefe, Ashenden? If so, list all instances, including the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: O'Keefe Ashenden Lyons & Ward

I. BACKGROUND

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on transactions with the Clinton for President Committee ("the Committee").

II. LEGAL AND FACTUAL ANALYSIS

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a contribution provided that the

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credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id.; see also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

A commercial vendor may extend credit to a committee for goods and services provided by the vendor as long as the credit is in the ordinary course of business, but if a commercial vendor advances the costs for items not provided by the vendor, then the advance is a contribution. Compare 11 C.F.R. § 116.1(c) and 11 C.F.R. § 116.3(b) with 11 C.F.R. § 100.7(a)(1).

Stockholder and employees of a corporation; or officials, members, and employees of a labor organization,

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may make occasional, isolated or incidental use of corporate or; if applicable, labor organization facilities. 11 C.F.R. §§ 114.9(a)(1) and (b)(1). If a person makes more than an occasional, isolated or incidental use of facilities, that person must reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(a)(2) and (b)(2). Persons, other than stockholders, employees, officials, and members who use labor organization or corporate facilities for activity in connection with a Federal election, are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. 11 C.F.R. 114.9(d). The Commission has determined that, in certain instances, the facilities of an unincorporated partnership may also be used by partners, employees or other persons, and that expenses associated with such a use that is more than occasional, isolated or incidental must be reimbursed to the partnership within a commercially reasonable time in the amount of the normal and usual charge for the use of the facilities. See AO 1979-22; See also Final Audit Report for Clinton for President Committee.

O'Keefe Ashenden Lyons & Ward ("O'Keefe Ashenden") is a law firm based in Chicago, Illinois. Michael O'Keefe, a partner at O'Keefe Ashenden, volunteered as a coordinator for

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the Clinton campaign for the Illinois Democratic Primary.1/ Mr. O'Keefe's personal services were provided to the Committee without charge. However, Mr. O'Keefe's travel expenses totaling $5,462.48, and other expenses including food, cash advances, and travel expenses of David Axelrod, a Committee political consultant, totaling $1,752.18, were paid out of the law firm's accounts. These expenses were incurred from October 1991 through March 1992, although they are not itemized with respect to the exact date of each expense. O'Keefe Ashenden billed the Committee in March 1992 for the expenses, and was paid in September 1992. A March 20, 1992 letter from Mr. O'Keefe to the Committee states that O'Keefe Ashenden was billing the Committee based on an agreement that it would withhold all bills for expenses pending the end of the Illinois Democratic Primary in March 1992. Attachment 11. It appears that O'Keefe Ashenden did not engage in any debt collection efforts in the period from March 1992 through September 1992.

The Committee submitted two affidavits from J. Michael Heaton, a partner at O'Keefe Ashenden, dated June 26, 1994 and January 19, 1995. Mr. Heaton stated that the Committee was billed at the end of Mr. O'Keefe's project [the Illinois Democratic Primary], and that this is similar to the billing procedures the firm employs with other pro bono clients. Mr. Heaton also stated that O'Keefe Ashenden's debt collection

1/ Six employees of O'Keefe Ashenden made contributions of $1,000 each to the Committee during the 1992 election cycle.

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policy is to rely on the "client['s] initiative for payment" since this is "conducive to its policy of low-key, non-aggressive client relations." Mr. Heaton also provided several specific examples of situations where the firm delayed billing on a project or failed to receive timely payment on invoices. The firm's role in these matters included representation in a tax assessment protest and certain regulatory matters.

O'Keefe Ashenden advanced to the Committee's benefit costs for travel of one of its partners, travel costs of persons unrelated to the firm, and the costs of various meals. O'Keefe Ashenden held on to bills payable by the Committee for several months pending the completion of the Illinois Democratic Primary. Following that, the firm failed to follow-up on an overdue invoice for a period of six months until it was finally paid.

The firm's ties to the Committee, through Mr. O'Keefe role as a Committee volunteer and other employees' political contributions indicate that O'Keefe Ashenden may have offered credit outside its ordinary course of business. The Committee had no apparent credit history with the law firm, nor does it appear that a contract was signed or a retainer paid. The Committee's submissions demonstrate that O'Keefe Ashenden has in isolated instances delayed billing or failed to collect on an invoice. However, this does not demonstrate the vendor's ordinary course of business with respect to credit extension and debt collection.

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Therefore, there is reason to believe that O'Keefe Ashenden Lyons & Ward violated 2 U.S.C. § 441a(a)(1)(A).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 28, 1995

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Harry Thomason
President
Mozark Productions, Inc.
4024 Radford Ave.
Building 5
Room 104
Studio City, CA 91604

RE: MUR 4172
Mozark Productions, Inc.

Dear Mr. Thomason:

On August 15, 1995, the Federal Election Commission found that there is reason to believe Mozark Productions, Inc. ("Mozark") violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended, by advancing funds for the costs of certain fundraisers for the Clinton for President Committee ("the Committee"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

The Commission also considered the issue of whether Mozark violated 2 U.S.C. § 441b with regard to extensions of credit made by Mozark to the Committee. On August 15, 1995, the Commission decided to limit its reason to believe finding to the costs associated with the fundraisers. The attached Factual and Legal Analysis also addresses this finding.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Subpoena to Produce Documents must be submitted within 30 days of your receipt of this subpoena. Any additional materials or statements you wish to submit should accompany the response to the subpoena. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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You may consult with an attorney and have an attorney assist you in the preparation of your responses to this subpoena. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications or other communications from the Commission.

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, requests for pre-probable cause conciliation will not be entertained 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 Peter G. Blumberg or Andre Pineda, the attorneys assigned to this matter, at (202) 219-3690.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Subpoena
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Mozark Productions, Inc.) MUR 4172
)

SUBPOENA TO PRODUCE DOCUMENTS

TO: Mozark Productions, Inc.
4024 Radford Ave.
Building 5
Room 104
Studio City, CA 91604

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above captioned matter, the Federal Election Commission hereby orders you to submit the documents listed on this Subpoena.

Notice is given that these documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, within 30 days of your receipt of this Order and Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this 25th day of August, 1995.

For the Commission,

Danny L. McDonald

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (3 pages)

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I. INSTRUCTIONS

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

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

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

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

Unless otherwise indicated, the discovery request shall refer to the time period from July 1991 to the present.

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

II. DEFINITIONS

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

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

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

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

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

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

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

III. REQUEST FOR PRODUCTION OF DOCUMENTS

Within 30 days of service of this request, Mozark Productions, Inc. ("Mozark") is required to produce documentation relevant to transactions with or for Clinton for President ("the Committee"), William J. Clinton ("the candidate") or agents, thereof. Specifically the recipient must produce:

(1) all documentation related to an event related to the Committee held at La Maida House in September or October 1991, including, but not limited to, canceled checks and invoices related to Mozark payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance;

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(2) all documentation related to an event related to the Committee held at Sportsmen's Lodge Banquet Hall on or about December 6, 1991, including, but not limited to, canceled checks and invoices related to Mozark payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance.

(3) all Mozark vendor statements, invoices or other documents which detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to La Maida House;

(4) all Mozark vendor statements, invoices or other documents which detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to Sportsmen's Lodge Banquet Hall;

(5) the identity of the person or persons most familiar with the goods or services provided by La Maida House to Mozark and/or to the Committee, the candidate, or agents, thereof;

(6) the identity of the person or persons most familiar with the goods or services provided by Sportsmen's Lodge Banquet Hall to Mozark and/or to the Committee, the candidate, or agents, thereof;

(7) the identity of the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by La Maida House to Mozark and/or to the Committee, the candidate, or agents, thereof;

(8) the identity of the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by Sportsmen's Lodge Banquet Hall to Mozark and/or to the Committee, the candidate, or agents, thereof.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Mozark Productions, Inc.

I. BACKGROUND

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information concerns transactions between Mozark Productions, Inc and the Clinton for President Committee ("the Committee").

II. LEGAL AND FACTUAL ANALYSIS

A contribution is a gift, subscription, loan, advance, deposit of money, or anything of value made by a person for the purpose of influencing any election for federal office. 11 C.F.R. § 100.7(a)(1). It is unlawful for any corporation to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer or director of a corporation to consent to any corporate expenditures which may be prohibited contributions to candidates or committees. Id.

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A commercial vendor which is not a corporation may extend credit to a candidate, a political committee or another person on behalf of a candidate or political committee. 11 C.F.R. § 116.3(a). An extension of credit will not be considered a contribution provided that the credit is extended in the ordinary course of the commercial vendor's business and the terms are substantially similar to extensions of credit to nonpolitical debtors that are of similar risk and size of obligation. Id. See also 11 C.F.R. § 100.7(a)(4). In determining whether credit is extended in the ordinary course of business, the Commission will consider: 1) whether the commercial vendor followed its established procedures and its past practice in approving the extension of credit; 2) whether the commercial vendor received prompt payment in full if it previously extended credit to the same candidate or political committee; and 3) whether the extension of credit conformed to the usual and normal practice in the commercial vendor's industry. 11 C.F.R. § 116.3(c). A "commercial vendor" is defined as "any person providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods and services." 11 C.F.R. § 116.1(c).

Mozark Productions, Inc. ("Mozark") is a video production vendor. Mozark extended credit to the Committee for video production services and it also appears to have advanced the costs of two fundraisers. According to a Dun

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and Bradstreet report, Mozark is incorporated in California and its President is Harry Thomason. Mr. Thomason and his spouse, Linda Bloodworth-Thomason made $1,000 contributions to the Committee during the 1992 election cycle. Additionally, it appears that Mr. Thomason organized certain fundraisers for the Committee.1/

Mozark oversaw the production of certain promotional videos for the Committee from February through May 1992 which it provided on credit to the Committee. According to Dun and Bradstreet, Mozark's credit "[t]erms are net 7 days for operating expenses and contract basis for balance." The producers' fees for this project were volunteered by Mr. Thomason and his spouse, while the rest of the production costs for editing, make-up, actors, and other miscellaneous production costs were billed by independent contractors to Mozark.2/ Mozark paid the independent contractors' bills periodically during the production period. Subsequently, in May 1992, Mozark billed the Committee for these costs which totaled $14,019.00. The invoice was paid in full by the

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1/ In MUR 3797, the Commission found no reason to believe that the Committee received prohibited contributions from two corporations affiliated with Mr. Thomason (Thomason Aircraft Corporation and Thomason, Richland & Martens, Inc.). The matter regarded aircraft services provided to the Committee by these aviation firms under 11 C.F.R. § 114.9(e).

2/ The bills from Mozark demonstrate that the Committee was not charged a producers' fee for these commercials. However, it is not clear whether Mr. Thomason was the actual producer on this project, or if it was another Mozark employee. Mr. Thomason could not claim a volunteer exemption on behalf of one of his employees.

Committee in August 1992 and the Committee reported the debt on its disclosure reports during this period.

Mozark invoices also indicate that it paid the costs of meals and associated services for two fundraisers held on behalf of the Committee. The first fundraiser was held on September 13, 1991 at La Maida House restaurant in North Hollywood, California. Mozark paid $3,157.12 for the fundraiser, and was reimbursed within two months by the Committee. The second fundraiser was held on December 6, 1991 at Sportsmen's Lodge Banquet Rooms in Studio City, California. Mozark paid $938.12 for this fundraiser, and was reimbursed by the Committee within a month.

The Committee provided two affidavits from Mr. Thomason, during and following the audit, dated June 14, 1994 and January 3, 1995. Mr. Thomason states that billing a client at the end of a production is "customary" for Mozark. With regard to debt collection, the Committee states that Mozark "has no procedure for following up on the payment of outstanding bills" and to the best of Mr. Thomason's recollection has never sent "a follow-up bill to a client."

Mozark's payments to two restaurants for costs incurred for fundraisers appear to be contributions to the Committee. Mozark's "usual and normal" business did not involve providing meals or organizing fundraisers. 11 C.F.R. § 116.1(c). Further, the costs associated with the events were not ancillary to any production work performed by Mozark, but were fundraisers for the Committee. Since the

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fundraisers occurred outside Mozark's offices, it also does not appear that the events constitute a use of facilities. 11 C.F.R. § 114.9. Therefore, the payments for the costs associated with the fundraisers are contributions to the Committee. 11 C.F.R. § 100.7(a)(1).

Therefore, there is reason to believe that Mozark Productions, Inc. violated 2 U.S.C. § 441b with regard to the payments on behalf of the Committee to La Maida House and Sportsmen's Lodge Banquet Hall.

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SKADDEN, ARPS, SLATE, MEAGHER & FLOM
1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2107
(202) 371-7000

FAX: (202) 393-5760

DIRECT DIAL
(202) 371- 7017

BOSTON
BRUSSELS
CHICAGO
FRANKFURT
HONG KONG
LONDON
LOS ANGELES
NEW YORK
PARIS
SAN FRANCISCO
SYDNEY
TOKYO
TORONTO
WILMINGTON

September 13, 1995

VIA HAND-DELIVERY

Peter G. Blumberg
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
SEP 13 2 50 PM '95

Re: Mozark Productions, Inc.

Dear Peter:

Enclosed please find a signed Statement of Designation of Counsel.

Please feel free to call me if you have any questions.

Sincerely,

Kenneth A. Gross

Enclosure

9704380021C

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4172

NAME OF COUNSEL: Kenneth A. Gross

ADDRESS: 1440 New York Avenue, NW
Washington, D.C. 20005

TELEPHONE: (202) 371-7007

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

95 SEP 13 PM 2:35

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.

9/13/95
Date

Harry Thomas
Signature

RESPONDENT'S NAME: Mozark Productions, Inc.

ADDRESS: 4024 Radford Avenue, Bldg. 5, Rm. 4
Studio City, CA 91604

HOME PHONE:

BUSINESS PHONE: (310) 820-7717

9704380021 1

O'Keefe Ashenden Lyons & Ward

A Partnership Including Professional Corporations

30 North LaSalle, Suite 4100
Chicago, Illinois 60602
312-621-0400

Facsimile
312-621-0297

James F. Ashenden, Jr.
Thomas G. Lyons
Michael L. McDermott
John F. Ward, Jr., P.C.
Dennis M. O'Keefe
J. Michael Heaton
Daniel W. Coyne
Michael W. Ward
Partick L. Moore
Elizabeth L. Gracie
Mark R. Davis
Henry T. Kelly
Nina H. Tamburo
Jason T. Shilson

James L. O'Keefe
(1910-1988)

September 15, 1995

The Office of the General Counsel
Federal Election Commission
999 "E" Street, N.W. - 6th Floor
Room 657
Washington, D.C. 20463

Re: **MUR 4172** - *O'Keefe, Ashenden, Lyons & Ward*

Dear Sirs:

Please find enclosed the Statement of Designation of Counsel.

Sincerely,

Patrick L. Moore

Patrick L. Moore

PLM:cj

cc: Patricia Fiori, Esq.

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

95 SEP 18 9:57 AM

9704380021 2

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4172

NAME OF COUNSEL: Patricia Fiori, Esquire

ADDRESS: P.O. Box 8
Willowdale Farm
Marlow Road, Charles Town, West Virginia 25414

TELEPHONE: (304) 725-8231

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 15, 1995
Date

By: O'Keefe, Ashenden, Lyons & Ward
Signature Patrick L. Moore

RESPONDENT'S NAME: O'Keefe, Ashenden, Lyons & Ward

ADDRESS: 30 North LaSalle Street, Suite 4100
Chicago, Illinois 60602
Attn: J. M. Heaton and P.L. Moore

HOME PHONE:

BUSINESS PHONE: (312) 621-0400

9704380021 3

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Sep 21 12 00 PM '95

PATRICIA ANN FIORI
ATTORNEY AT LAW

(304) 725-8231
DC BAR ONLY

POST OFFICE BOX 8
CHARLES TOWN, WV 25414

September 19, 1995

Peter G. Blumberg, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

RE: MUR 4172
O'Keefe Ashenden Lyons & Ward
Request for Extension of Time

Dear Mr. Blumberg:

Your office has notified my client, O'Keefe Ashenden Lyons & Ward, that the Commission has found reason to believe that the firm violated the 2 U.S.C. Section 441a(a)(1)(A). Included with the notification is a Subpoena To Produce Documents and Order To Submit Written Answers. The firm's responses to the Reason To Believe finding, Subpoena and Order are due on October 9, 1995. For the reasons set forth below, I request that the time for submitting these responses be extended to December 15, 1995.

O'Keefe Ashenden is a relatively small law firm in which individual attorneys are responsible for billing clients and tracking their payments. The documents and information requested by your Office are not currently maintained in a format which would enable the firm to respond to the extent reasonably possible in a short time frame. In order to fulfill your request, each firm attorney will be required to examine his or her billing files to retrieve the necessary information insofar as it may exist in the from requested. This will be a time consuming task. As might be expected, each attorney is involved in a variety of matters in which deadlines are already pending. Therefore, it is not possible to respond by October 9, 1995.

I look forward to your rapid response to this request for an extension of time. Please call me if you have any questions.

Sincerely,

Patricia Ann Fiori

Patricia Ann Fiori

9704380214

OLDAKER, RYAN & LEONARD
ATTORNEYS AT LAW
818 CONNECTICUT AVENUE, N.W.
SUITE 1100
WASHINGTON, D.C. 20006

(202) 728-1010
FACSIMILE (202) 728-4044

LYN UTRECHT

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

SEP 27 3 42 PM '95

September 27, 1995

VIA HAND-DELIVERY

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

Re: ***MUR 4172 – Statement of Designation of Counsel and Request for Extension of Time to Respond to Reason-to-Believe Finding***

Dear Mr. Noble:

Enclosed please find a Statement of Designation of Counsel designating myself, Eric F. Kleinfeld, Laura A. Ryan and Elizabeth E. Towne as counsel for the Clinton for President Committee. In addition, this letter is to request an extension of time of 20 days until October 26, 1995 in which to respond to the Commission's reason-to-believe finding of August 15, 1995 against the Clinton for President Committee. The reason-to-believe finding was only received by the Committee on September 21, 1995 because it was mailed to the Committee's prior address.

An extension of time of 20 days is necessary because it will be time-consuming and require significant personnel resources for the Clinton for President Committee to review and compile the necessary information to present a comprehensive legal and factual response to the reason-to-believe finding.

In addition, counsel has numerous other conflicting deadlines and commitments during this period.

In light of these circumstances, the Clinton for President Committee requests an extension of time of 20 days (until October 26, 1995) in which to respond to the Commission's reason-to-believe finding.

9704380021 5

Should you have any questions, please call me at (202) 728-1010. Thank you.

Sincerely,

Lyn Utrecht

Lyn Utrecht
Counsel to
Clinton for President Committee

Enclosure

97043800216

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
96 MAY 24 3 42 PM '96

MUR 4172

NAME OF COUNSEL: Lyn Utrecht

ADDRESS: Oldaker, Ryan & Leonard
818 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20007

TELEPHONE: (202)728-1010

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. *** (See additional designated counsel attached.)

9/26/95
Date

J.L. "Skip" Rutherford as treasurer
Signature

RESPONDENT'S NAME: Clinton for President Committee and
ADDRESS: J.L. "Skip" Rutherford, as treasurer
Post Office Box 2741
HOME PHONE: Little Rock, AR 72203
BUSINESS PHONE: (501)375-1299

97043800217

MUR 4172

ADDITIONAL DESIGNATED COUNSEL

Eric F. Kleinfeld
P.O. Box 19300
Washington, D.C. 20036-9300
(202)331-1996

Laura A. Ryan
7 Acorn Lane
Dedham, MA 02026
(617)329-5698

Elizabeth E. Towne
P.O. Box 19300
Washington, D.C. 20036-9300
(202)331-1996

9/26/95
DATE

SIGNATURE

9704380021 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 29, 1995

VIA FACSIMILE AND FIRST CLASS MAIL

Lyn Utrecht
Oldaker, Ryan & Leonard
818 Connecticut Ave., N.W.
Washington, D.C. 20007

RE: MUR 4172

Dear Ms. Utrecht:

This is in response to your letter on behalf of the Clinton for President Committee dated September 27, 1995 requesting an extension of 20 days to respond to the Federal Election Commission reason to believe finding in connection with MUR 4172. 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 October 26, 1995.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380219

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
95 SEP 28 4 PM 12:25

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 28, 1995 **SENSITIVE**

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Kim Bright-Coleman KBC
Associate General Counsel

SUBJECT: MUR 4172 -- Request for Extension of Time by O'Keefe Ashenden Lyons & Ward

9704380022C

By letter dated September 19, 1995, O'Keefe Ashenden Lyons & Ward ("O'Keefe"), a respondent in MUR 4172, requests an extension of 71 days, until December 15, 1995, in which to respond to the Commission's reason to believe findings and Order to Submit Written Answers and Subpoena to Produce Documents. Attachment 1.1/ O'Keefe explains that subpoena compliance will be a "time consuming task" because its individual partners are responsible for their own billings, and therefore, these individuals will have to separately search their files for information responsive to the subpoena. Id. O'Keefe notes that the individual partners are "involved in a variety of matters in which deadlines are already pending." Id.

Although this Office does not believe that O'Keefe partners' pending deadlines for the next two months are necessarily appropriate grounds for an extension of time, we do recognize that locating documents may be time-consuming.2/ This

---

1/ O'Keefe states that its response is currently due on October 9, 1995. However, the return receipt for the Subpoena and Order sent to O'Keefe indicates that O'Keefe received the mailing on September 5, 1995. Thus, pursuant to 11 C.F.R. § 111.2(a), the 30-day response period ends on October 5, 1995.

2/ The Subpoena and Order sought information concerning certain limited transactions between O'Keefe and Clinton for President. The Subpoena and Order also request information on O'Keefe's ordinary course of business with respect to credit extension and debt collection.

Office, however, does not believe that counsel requires a 71-day extension to respond. Instead, this Office recommends that the Commission approve a 45-day extension to respond. This deadline will ensure that the documents are retrieved by the end of November. Most of the other respondents in this MUR will have produced responses by or before that time. Therefore, a 45-day extension will ensure that the investigation of MUR 4172 will continue in a timely manner. Accordingly, O'Keefe's response would be due November 20, 1995. This Office intends to make clear to O'Keefe that this extension is granted so that it can substantively respond to the discovery requests and that the Commission expects full and complete responses.

RECOMMENDATIONS

1. Deny the requested extension of 71 days by O'Keefe Ashenden Lyons & Ward, and approve an extension of 45 days; and

2. Approve the appropriate letter.

Attachment
Request for Extension

Attorneys assigned: Peter G. Blumberg
Andre G. Pineda

9704380021

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
O'Keefe Ashenden Lyons & Ward -- Request for an Extension of Time.	)	MUR 4172

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 4, 1995, the Commission decided by a vote of 5-0 to take the following actions in MUR 4172:

1. Deny the requested extension of 71 days by O'Keefe Ashenden Lyons & Ward, and approve an extension of 45 days.

2. Approve the appropriate letter, as recommended in the General Counsel's Memorandum dated September 28, 1995.

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

Attest:

10-4-95
Date

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

Received in the Secretariat: Thurs., Sept. 28, 1995 4:55 p.m.
Circulated to the Commission: Fri., Sept. 29, 1995 12:00 p.m.
Deadline for vote: Wed., Oct. 04, 1995 4:00 p.m.

lrd

9704380022

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 6, 1995

Patricia Ann Fiori, Esq.
P.O. Box 8
Charles Town, West Virginia 25414

Re: MUR 4172
O'Keefe Ashenden Lyons & Ward
Request for Extension of Time

Dear Ms. Fiori:

This is response to your letter dated September 19, 1995 requesting an extension of 71 days to respond to the Federal Election Commission's reason to believe finding, Subpoena to produce documents and Order to submit written answers in connection with MUR 4172. After considering the circumstances presented in your letter, the Commission has denied your request for an extension of 71 days and approved an extension of 45 days. Please note that the extension is granted so that you can substantively respond to the discovery requests. Accordingly, your response is due by the close of business on November 20, 1995.

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

Sincerely,

Peter G. Blumberg
Attorney

PGB/zh

97043800223

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
1440 NEW YORK AVENUE, N.W.
WASHINGTON, D.C. 20005-2111

FAX (202) 393-5760

DIRECT DIAL
(202) 371-7009

(202) 371-7000

BOSTON
CHICAGO
HOUSTON
LOS ANGELES
NEWARK
NEW YORK
SAN FRANCISCO
WILMINGTON

BEIJING
BRUSSELS
BUDAPEST
FRANKFURT
HONG KONG
LONDON
MOSCOW
PARIS
PRAGUE
SYDNEY
TOKYO
TORONTO

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Oct 3 9 43 AM '95

October 2, 1995

VIA FEDERAL EXPRESS

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

Attn: Peter Blumberg, Esq.
Andre Pineda, Esq.

Re: MUR 4172 - Mozark Productions, Inc.

Dear Mr. Noble:

Enclosed are the responses to the questions propounded in the Commission's Subpoena to Produce Documents.

Sincerely,

Kenneth A. Gross

Enclosures

9704380024

Request No. 1.: All documentation related to an event related to the Committee held at La Maida House in September or october 1991, including, but not limited to, canceled checks and invoices related to Mozark payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance;

A. See Attachment I - All documents related to La Maida enclosed.

Request No. 2.: All documentation related to an event related to the Committee held at Sportsmen's Lodge Banquet Hall on or about December 6, 1991, including but not limited to, canceled checks and invoices related to Mozark payments for food, drinks, invitations, entertainment, sound and lighting equipment, decorations, maintenance.

A. See Attachment II - All documents related to Sportsmen's Lodge event.

Request No. 3.: All Mozark vendor statements, invoices or other documents which detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to La Maida House.

A. See response to Question No. 1.

Request No. 4.: All Mozark vendor statements, invoices or other documents which detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to Sportsman's Lodge Banquet Hall.

A. See response to Question No. 2.

Request No. 5.: The identity of the person or persons most familiar with the gods or services provided by La Maida House to Mozark and/or to the Committee, the candidate, or agents, thereof.

A. Carol Schwarz
4024 Roadford Avenue, Building 5, Room 4
Studio City, California 91604
(310) 820-7717

97043800225

Request No. 6.: The identify of the person or persons most familiar with the goods or services provided by Sportsmen's Lodge Banquet Hall to Mozark and/or to the Committee, the candidate, or agents, thereof.

A. See response to No. 5.

Request No. 7.: The identity of the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by La Maida House to Mozark and/or to the Committee, the candidate, or agents, thereof.

A. See response to No. 5.

Request No. 8.: The identify of the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided by Sportsmen's Lodge Banquet Hall to Mozark and/or to the Committee, the candidate, or agents, thereof.

A. See response to No. 5.

97043800226

Attachment 1

CLINTON CAMPAIGN FUNDRAISER

EVENT: FUNDRAISER AT LA MAIDA HOUSE, LOS ANGELES 9/13/91
HOSTED BY: LINDA BLOODWORTH-THOMASON & HARRY THOMASON

MONEY RAISED: $
(CHECKS/CONTRIBUTORS
LIST ATTACHED)

OTHER DONATIONS: $ 334.03 (BEER/WINE FOR RECEPTION)
(RECEIPT ATTACHED)

(DONATED BY STEVEN ROTH 25531 VIA PACIFICA VALENCIA, CA 91355
OCCUPATION: WRITER EMPLOYER: COLUMBIA PICTURES TV, BURBANK CA)

EXPENSES TO BE REIMBURSED:
BY CLINTON CAMPAIGN $ 3,157.12 (COST OF RECEPTION)
(RECEIPT FROM LA MAIDA
HOUSE - ATTACHED)

PLEASE SEND REIMBURSEMENT TO:

CAROL SCHWARZ
MOZARK PRODUCTIONS
4000 WARNER BLVD.
PRODUCER'S 8, ROOM 143
BURBANK, CA 91505

9704380022 7

CLINTON FOR PRESIDENT COMMITTEE
PHONE (501) 372-1992
P.O. BOX 615
LITTLE ROCK, AR 72203

WORTHEN
NATIONAL BANK OF ARKANSAS
LITTLE ROCK, ARKANSAS 72203

1191

81-7/820

CHECK NO.	DATE	AMOUNT
1191	11-18-91	3,157.12

PAY Three thousand one hundred fifty seven and 12/100's

TO THE ORDER OF
Mozark Productions
Attn: Carol Schwarz
4000 Warner Blvd.
Producer's 8, Room 143
Burbank, CA 91505

TWO SIGNATURES FOR AMOUNTS OVER $2,000

⑈001191⑈ ⑆082000073⑆008941326⑈5⑈

CLINTON FOR PRESIDENT COMMITTEE
LITTLE ROCK, AR 72203

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT, PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
11-18-91	Expenses per receipt for Clinton Fundraiser La Maida House 9/13/91	3,157.12

CONTROL NO.

REF. NO.	YOUR INV. NO.	INV. DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT

CLINTON FUNDRAISER - 10/13/91 - TO BE REIMBURSED BY THE CLINTON COMMITTEE

70438102229

CONTROL NO.	CHECK DATE
	10/21/91

MOZARK PRODUCTIONS
10732 RIVERSIDE DRIVE
NORTH HOLLYWOOD, CALIFORNIA 91602

90-2905
1222

CHECK NO. 035259

CHECK AMOUNT
$3,157.12

IREE THOUSAND ONE HUNDRED FIFTY-SEVEN DOLLARS AND 12/100----------

MERCANTILE NATIONAL BANK
1840 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067

THE
)ER OF

La Maida House
11159 La Maida Street
N. Hollywood, Ca. 91601

.INTON FUNDRAISER OF 10/13/91

Sandy Schwarz

"035259" :122239050: 002-101971"

114409

statement carbonless DUP

STATEMENT

La Maida House

11159 La Maida Street
North Hollywood, California 91601
Telephone (818) 769-3657

DATE 10 / 14 / 1991

TO MOZARK PRODUCTIONS

ADDRESS 4000 WARNER BLVD. PRODUCERS 8, Room 143

CITY BURBANK STATE CA ZIP 91505

		CLINTON FUNDRAISER 10/13/91				
	125	FOOD AT $14.00 PER PERSON				1,750.00
		8¼% SALES TAX				144.38
	8	(8) WAITRESSES				475.00
	1	MAINT. MAN				175.00
	1	KITCHEN HELP				50.00
	350	LBS ICE				60.62
	20%	SERV. CHARGE				502.12
		(EXCLUDES PROP RENTAL & TAX)				
					#	3,157.12

REDIFORM 8S 882
POLY PAK (50 SETS) 8P882

9704380023C

SPIRITS – WINES
DELICACIES

Vendome LIQUORS

GIFTS
FRUIT BASKETS

GOLDEN TRAN, INC. dba Vendome Liquors
10800 RIVERSIDE DRIVE
TOLUCA LAKE, CA 91602
(818) 766-9593

ACCOUNT NUMBER	DATE	INVOICE NUMBER	DESCRIPTION CODE
		03343	

STEVEN ROTH
25531 VIA PACIFICA
VALENCIA CA 91355

PHONE
CASH | CHG.
C.O.D. | PICK UP
PHONE
SHIPPING DATE
SOLD BY

		DESCRIPTION	PRICE			AMOUNT	
2	CASE	Bolinger 15 Lt	4.99			149	70
1	CASE	AUGEY	4.99			54	88
1	CASE	VENDANGE	4.99			55	44
			10	%		5	51
						49	57
4	CASE	12 MILLER	11.99			47	96
		C.R.V.		1	92	-	
		PLEASE REMIT FROM THIS INVOICE	SUB-TOTAL	1	92	307	11
						25	00
						1	92
			TOTAL			334	03

Vendome LIQUORS
GOLDEN TRAN, INC. dba Vendome Liquors
CUSTOMER'S COPY

The balance which is not paid within 30 days from date of statement will be subject to a service charge of 1½% per month.

8704380023 1

GUEST LIST--OCTOBER 13 PARTY FOR BILL CLINTON

1. Doug Barr
2. MarkiePost/Michael Ross
3. Doug Jackson
4. Tommy Thompson
5. Pam Norris/Paul Clay
6. Burt Reynolds/Loni Anderson
7. Dixie Carter/Hal Holbrook
8. Annie Potts
9. Meshach Taylor
10. Jan Hooks
11. Julia Duffy
12. Dan Richland
13. Tom Fineman
14. Mary Steenburgen
15. Gil Gerard
16. Amy Bluestein
17. Jill Bowman/Bob Ivey
18. Peter Grad
19. Bill Allen
20. Hugh Wilson
21. Allen Epstein
22. Jim Green
23. Daryle Ann Lindley
24. Bobbie Ferguson
25. Michael Lange
26. Sydney Pollack
27. John Ritter
28. Fran Bascom
29. Millicent Collinsworth/Gary Krantz
30. Charlie Frank
31. Elaine/Lee Hall
32. Lamar Jackson
33. David Horowitz
34. P.K. Knelman
35. Thom Bray
36. David Nichols
37. Don Rhymer
38. Jim Hampton
39. Cathryn Michon
40. Jeff Saganshy
41. Peter Tortorici
42. Mark Waxman
43. Barney Rosenzweig/Sharon Glass
44. Bob Hyman
45. Lesley Abell
46. Mr. Greenspan
47. Georgia Holzmann
48. Robert Wunsch
49. Arthur Thompson
50. Robert Hohman
    Bruce Miller
    James L. Brooks
    Joshua Brand/John Falsey
    Alan Alda
    Gary Levine

51. Greg Changnon
52. Marilyn Roberts
53. Joseph Richland
54. Seth Greenberg
55. Jeremy Van Ness
56. Roger Clinton
57. Harris Cattleman
58. Robert Igor
59. Warren Littlefield
60. Peter Chernon
61. Diane English/Joel Shukofsky
62. Jerry Seinfeld
63. Julia Louis-Dreyfuss/Brad Hall
64. Seinfeld (CAST & PRODUCERS)
65. WKRP (CAST & PRODUCERS)
66. Bill Dial
67. Larry Gelbart
68. Gene Reynolds
69. Cindy Scott

71. Murphy Brown (CAST & PRODUCERS
72. Glen Charles
73. Les Charles
74. Dixie's Attorney
75. David Steinberg
76. David Kelly
77. Stephen Bochco
78. Dana Calluns
79. Jamie Lee Curtis
80. Ken Neisser
81. CBS Contract Attorneys
82. Bob Hunka
83. Ira Reiner
84. Mickey Kantor/Heidi Schullman
85. Derek Shearer
86. David Brafff

88. Judy Burke
89. Marilyn/Steve Parker
90. Sam Gores
91. Mary Murphy
92. Bill Bruns
93. Sharon Bernstein
94. Lee Margoles
95. Saul Turteltaub
96. Bernie Orenstein
97. Arthur Tonetsky
98. Joan Smart
99. Ed Wilson
100. Steve Berman
101. Alice Ghostley
     Judith Light
     Josh Baron
     Alan Ladd Jr./Cindra Ladd
     Mr. & Mrs. Bud Yorkin

97043800232

Attachment II

CLINTON CAMPAIGN FUNDRAISER

EVENT: FUNDRAISER AT SPORTSMEN'S LODGE - STUDIO CITY, CA 12/6/91
HOSTED BY: LINDA BLOODWORTH-THOMASON & HARRY THOMASON

EXPENSES TO BE REIMBURSED:
BY CLINTON CAMPAIGN $ 938.12 (COST OF RECEPTION)

(RECEIPT FROM SPORTSMEN'S LODGE ATTACHED)

NOTE: ORIGINALLY PAID $1,200
REFUNDED 261.88 (UNUSED WINE)

PLEASE SEND REIMBURSEMENT TO:

MOZARK PRODUCTIONS
ATTN: CAROL SCHWARZ
4000 WARNER BLVD.
PRODUCER'S 8, ROOM 143
BURBANK, CA 91505

9704380023

CLINTON FOR PRESIDENT COMMITTEE

5201

Date 01/02/92

MOZARK PRODUCTIONS

Invoice	Inv.Date	Inv.Amt	Disc/Fin.	Prev Pmts	Due	Amt.Paid
120691	12/06/91	938.12			938.12	938.12
Total		938.12			938.12	938.12

CLINTON FOR PRESIDENT COMMITTEE
P.O. BOX 818
LITTLE ROCK, AR 72203

WORTHEN
NATIONAL BANK OF ARKANSAS
LITTLE ROCK, AR 72203
81-7-820

5201

01/02/92 $**************$938.12

DATE AMOUNT

***** Nine Hundred Thirty Eight Dollars and Twelve Cents

MOZARK PRODUCTIONS
4000 WARNER BLVD.
PRODUCER'S 8, ROOM 143
BURBANK, CA 91505

TWO SIGNATURES REQUIRED IF OVER $3000.00

W. Dale Walker

⑈005201⑈ ⑆082000073⑆ 00894⑈3326⑈5⑈

THE
ER

9704380023 4

RE: CLINTON FUNDRAISER

970438002335

12/5/91

MOZARK PRODUCTIONS
10732 RIVERSIDE DRIVE
NORTH HOLLYWOOD, CALIFORNIA 91602

90-3905
1222

CHECK NO 035447

ONE THOUSAND TWO HUNDRED DOLLARS AND NO/100---------- $1,200.00

SPORTSMAN'S LODGE RESTAURANT
Catering Sales Office
12833 Ventura Boulevard
Studio City, Ca. 91604

MERCANTILE NATIONAL BANK
1840 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067

⑈035447⑈ ⑆122239050⑆ 002-101971⑈

SPORTSMEN'S LODGE BANQUET ROOMS
12833 Ventura Boulevard, Studio City, CA 91604

Room #: GARDEN ROOM
Party: MOZARK PRODUCTIONS
Host: MS. ADRIANN CROW
Address: 4000 WARNER BLVD BLDG. RM #8
BURBANK, CA 91505

Banquet #: 8189544094
Date: 12/6/91D-FRI
Telephone #: 954-4094
Service Charge: 17% / Sales Tax: 8.25%
Catering Mgr: DH

# OF GUESTS	BREAKFAST	LUNCHEON	DINNER	QTY.	PRICE	TOTAL
ENTREE 1.						
2.						
3.						
HORS D'OEUVRES PER-PERSON				60	10.00	600.00
COFFEE PER GALLON				2	20.25	40 50
CELEBRATION CAKE/CAKE CUTTING						—
BAR HOSTED						
BEVERAGE (CASH & CARRY)						
JUICE BAR						
ASSORTED SOFT DRINKS EACH				46 Mozark	1.70	7820
WINE PER BOTTLE/CARAFE					8.75	—
CHAMPAGNE PER BOTTLE						—
CHAMPAGNE PUNCH/PUNCH BOWL						
CLUB SODA P-DRINK				11	2.00	22 00
CRYSTAL GEYSER PER-BOTTLE					2.00	
TOTAL FOOD AND BAR						$ 74070
SERVICE CHARGE					12592	$ 12592
OTHER CHARGES - TAXABLE						
ROOM RENTAL						
EQUIPMENT/FLOWERS						
BARTENDER'S CHARGE						
TOTAL BALANCE & OTHER TAXABLES						$ 86662
SUB TOTAL						$
STATE SALES TAX						$ 7150
OTHER CHARGES - NON TAXABLE						
ROOM RENTAL						
PARKING						
RAMBUNCAL						
TOTAL CHARGES						$ 93812
LESS: DEPOSIT						$ 00.00
BALANCE DUE						$
LESS: BAR DISCOUNTS						$
LESS: PAYMENTS CHECK/CASH						$
TOTAL PAYMENTS AND BAR DISCOUNTS						$
BALANCE DUE						Refund $ 26188

PAYABLE UPON RECEIPT

9704380023 6

SPORTSMEN'S LODGE RESTAURANT

MOZARK PRODUCTIONS

Dec 12 91 61545

VOR NO: NAME: CHECK DATE:

FERENCE NUMBER	INVOICE DATE	GROSS AMOUNT	DISCOUNT TAKEN	NET AMOUNT PAID
BNGTH 8:89544094				$261.88
12/6/91D-FR:				
TOTAL ▶				$261.88

SPORTSMEN'S LODGE RESTAURANT
12633 VENTURA BLVD.
STUDIO CITY, CA 91604
PH. 818-984-0202

BANK OF AMERICA
WARNER CENTER BRANCH 1201
WOODLAND HILLS, CA 91367
16-68-1280

61545

DATE Dec 12 91

AMOUNT $261.88

PAY ********** Two Hundred Sixty-One and 88/100 **********

TO THE ORDER OF MOZARK PRODUCTIONS
4000 WARNER BLVD. RM 9
BURBANK, CA
91505

⑈061545⑈ ⑆122000661⑆ 12013⑈12669⑈

970437 8003 7

OLDAKER, RYAN & LEONARD
ATTORNEYS AT LAW
818 CONNECTICUT AVENUE, N.W.
SUITE 1100
WASHINGTON, D.C. 20006

(202) 728-1010
FACSIMILE (202) 728-4044

LYN UTRECHT

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 4 11 27 AM '95

October 3, 1995

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

RE: MUR 4172-American Federation of Teachers-Designation of Counsel

Dear Mr. Noble:

Enclosed please find a Designation of Counsel form designating me as counsel for American Federation of Teachers in connection with this Matter Under Review.

Should you have any questions, please call me at (202) 728-1010.

Respectfully yours,

Lyn Utrecht

Lyn Utrecht
Counsel to American Federation of Teachers

Enc.

97043800238

STATEMENT OF DESIGNATION OF COUNSEL

MUR: 4172

NAME OF COUNSEL: Lyn Utrecht

ADDRESS: Oldaker, Ryan & Leonard
818 Connecticut Avenue, N.W. #1100
Washington, D.C. 20006

TELEPHONE: (202) 728-1010

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
OCT 4 11 27 AM '95

The above-named individual/individuals is/are 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.

9-29-95
Date

Albert Shanker /LMS
Signature

RESPONDENT'S NAME: Albert Shanker, President

ADDRESS: American Federation of Teachers
555 New Jersey Avenue, N.W.
Washington, D.C. 20001

BUSINESS PHONE: (202) 879-4436

9704380239

MANATT
PHELPS
PHILLIPS

A Law Partnership Including
Professional Corporations

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

Oct 10 9 22 AM '95

Ronald B. Turovsky
Direct Dial: (310) 312-4249
Internet: rturovsky@manatt.com

October 5, 1995

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Oct 10 9 34 AM '95

By First Class Mail

Peter G. Blumberg, Esq.
Andre Pineda, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: ***MUR 4172 -- Manatt, Phelps & Phillips***
Statement of Designation of Counsel

Dear Messrs. Blumberg and Pineda:

I have enclosed the Statement of Designation of Counsel for the above matter.

Please do not hesitate to give me a call at (310) 312-4249 should you have any questions regarding this matter. Thank you for your cooperation.

Very truly yours,

Ronald B. Turovsky

Ronald B. Turovsky
Manatt, Phelps & Phillips

RBT:pesl
Enclosure

9704380024C

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4172

NAME OF COUNSEL: RONALD B. TUROVSKY

ADDRESS: MANATT, PHELPS & PHILLIPS
11355 W. Olympic Boulevard
Los Angeles, California 90064

TELEPHONE: (310) 312-4249

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.

October 4, 1995
Date

Gail Windisch
Signature
GAIL WINDISCH

RESPONDENT'S NAME: MANATT, PHELPS & PHILLIPS

ADDRESS: 11355 West Olympic Boulevard
Los Angeles, California 90064

HOME PHONE:

BUSINESS PHONE: (310) 312-4000

9704380024 1

OLDAKER, RYAN & LEONARD
ATTORNEYS AT LAW
818 CONNECTICUT AVENUE, N.W.
SUITE 1100
WASHINGTON, D.C. 20006

(202) 728-1010
FACSIMILE (202) 728-4044

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 19 9 06 AM '95

September 29, 1995

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

RE: MUR 4172
American Federation of Teachers

Dear Mr. Noble:

This letter is to request an extension of time of twenty days until October 24, 1995, in which to respond to the Commission's reason-to-believe finding against the American Federation of Teachers in the above-referenced matter..

An extension of twenty days is necessary to adequately prepare a comprehensive legal and factual response to the reason-to-believe finding. In addition, counsel has numerous other deadlines and commitments during this period.

In light of these circumstances, we request an extension of twenty days (until October 24, 1995) in which to respond to this matter. I would greatly appreciate your assistance in granting this request.

Should you have any questions, please contact me. Thank you.

Respectfully yours,

Lyn Utrecht

Lyn Utrecht

9704380042

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 19, 1995

VIA FACSIMILE AND FIRST CLASS MAIL

Lyn Utrecht
Oldaker, Ryan & Leonard
818 Connecticut Ave., N.W.
Washington, D.C. 20007

RE: American Federation of Teachers
MUR 4172

Dear Ms. Utrecht:

This is in response to your letter on behalf of the American Federation of Teachers dated September 29, 1995 requesting an extension of 20 days to respond to the Federal Election Commission reason to believe finding in connection with MUR 4172. This Office only received the request on October 17, 1995. 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 October 24, 1995.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380043

MANATT
PHELPS
PHILLIPS

A Law Partnership Including
Professional Corporations

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
Oct 24 2 18 PM '95

Ronald B. Turovsky
Direct Dial: (310) 312-4249
Internet: rturovsky@manatt.com

October 18, 1995

Via Facsimile And United States Mail

Peter G. Blumberg, Esq.
Andre Pineda, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

File No: 0001-117-16

Re: MUR 4172
Manatt, Phelps & Phillips/Clinton for President Committee

Dear Messrs. Blumberg & Pineda:

This letter constitutes the response of Manatt, Phelps & Phillips ("MP&P") to the Federal Election Commission's (the "Commission") letter of September 12, 1995, received on September 18, 1995, which enclosed a Subpoena to Produce Documents (the "Subpoena"), *inter alia*, in the above-referenced matter, and which invited the submission of "any factual or legal materials . . . relevant to the Commission's consideration of this matter." The Response to the Subpoena is enclosed under separate cover.

This letter makes three points. First, the Commission has overstated the amount involved. There was only one event in question, not two, and the amount involved is $7,402.93, not $14,945.86. Second, since the procedure in question constituted an extension of credit in the ordinary course of MP&P's business on terms substantially similar to nonpolitical clients of similar risk and size of obligation, there is no "contribution" as that term is defined in 11 C.F.R. § 100.7 by operation of 11 C.F.R. §§ 100.7(a)(4) & 116.3. Finally, even if the extension of credit were a contribution under the Federal Election Campaign Act (the "Act") and/or its regulations, the amounts in question and the nature of the alleged violation do not justify continued pursuit of this matter.

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I. THE AMOUNT IN QUESTION SHOULD BE $7,402.93, NOT $14,945.86

The Commission is apparently under the mistaken impression that two events were held at the Regency Club on behalf of the Clinton for President Committee (the "Committee"), one on or around April 13, 1993, for a cost of $7,542.93, and a second on April 23, 1992, for a cost of $7,402.93. *See* Subpoena, §§ III(1) and III(2), at 3-4; *see also* Federal Election Commission Factual and Legal Analysis ("FEC Analysis"), 4 n.1.

In fact, there was one event, a luncheon hosted for Hillary Clinton at the Regency Club on March 26, 1992 (the "Luncheon"). Declaration of Judi Cunningham ("Cunningham Decl."), at ¶ 4. The first check prepared was voided and replaced by a second check.

More specifically, the cost of the Luncheon was billed to the Regency Club member account of Maria Hummer, a partner of MP&P. Cunningham Decl., ¶ 5. The total cost billed to Ms. Hummer's account was $8,367.93. *Id.*[1/] After adjustments were made to reflect personal checks totaling $650.00 made payable to the Regency Club, the balance was $7,717.93. *See* Memorandum of Susan Collins to Christine Tauber, dated April 9, 1992, Cunningham Decl., Ex. C. Ms. Hummer submitted an expense claim to MP&P's accounting department in that amount to be charged against the Committee's account. Cunningham Decl., ¶ 6. Before the check was prepared, additional payments to the Regency Club were received in the amount of $175.00. *Id.*, ¶ 7. The MP&P accounting department was instructed to reduce the amount of the reimbursement check by $175.00, to $7,542.93. *Id.*

The accounting department, pursuant to its normal practice, prepared a check made payable to the Regency Club in the amount of $7,542.93. *Id.*[2/] The accounting

---

1/ A copy of Ms. Hummer's member account statement, dated March 31, 1992, as submitted to the accounting department for payment, shows the full $8,367.93 charge for the Luncheon. It is attached as Exhibit A to the Cunningham Decl. A copy of the catering bill itself, showing the full amount and that it is to be charged to the account of Ms. Hummer, as submitted to the accounting department for payment, is attached as Exhibit B to the Cunningham Decl.

2/ A copy of the check, with its explanatory stub still attached, is attached as Exhibit D to the Cunningham Decl. As the copy shows, and this letter explains, the check was voided and never cashed.

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department charged the expense against the Committee's account. *Id.*[3/] Page 4 of the May '92 Bill shows an expense charge dated "4/13" in the amount of $7,542.93.

Before the check was sent to the Regency Club, however, additional payments to the Regency Club were received in the amount of $140.00. *Id.*, ¶ 8. The MP&P accounting department was instructed to void the original check and to prepare a new check in the amount of $7,402.93. *Id.*[4/] The accounting department did so, and charged the changed amount against the Committee's account. *Id.*, ¶¶ 9-10. Page 4 of the May '92 Bill shows this second expense charge dated "4/23" in the amount of $7,402.93. *Id.*, ¶ 13. In addition, the accounting department applied a credit for the voided check to the Committee's account, which appeared on Page 5 of the May '92 Bill as a credit dated "4/30" in the amount of $7,542.93. *Id.*, ¶ 14.

Thus, the facts are that there was only one expenditure, and the amount of that expenditure was $7,402.93.[5/]

II. THE EXPENDITURE FOR THE LUNCHEON WAS NOT A CONTRIBUTION IN THAT IT WAS AN EXTENSION OF CREDIT IN THE ORDINARY COURSE OF MP&P'S BUSINESS

The FEC Analysis states that the advances of the costs of the Luncheon "appear to be contributions since they do not appear to relate to the firm's usual business and do not appear to be a use of the firm's facilities." FEC Analysis at 6. In fact, the expenditures advanced for the Luncheon are well within the usual course of MP&P's business. Such services are not unusual at MP&P and are a normal component of the services the firm typically provides to its clients. The firm has on numerous occasions hosted events, and then billed them to the client on a subsequent invoice. Numerous MP&P partners are members of Los Angeles and Washington, D.C. area clubs, and the use of these clubs'

3/ A copy of MP&P's bill to the Committee dated May 31, 1992 (the "May '92 Bill"), is attached as Exhibit F to the Cunningham Decl.

4/ A copy of the second check, as deposited by the Regency Club, is attached as Exhibit E to the Cunningham Decl.

5/ The facts also explain the "discrepancy" noted in the FEC Analysis, at 4 n.2. The first $7,542.93 expenditure did not appear on the July 28, 1992 bill because it was never made.

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facilities for the benefit of the firm's clients is a contemplated reason for joining such clubs. For example,

- A partner in the firm's Financial Services Department has organized a series of dinner meetings on behalf of a client. These dinners, which took place at the partner's private club and other locations outside the firm's offices, and which started in July of 1993 and continue to this day, have resulted in the client being charged back for nearly five thousand dollars ($5000.00) in expenses, using the firm's accounting system. Cunningham Decl., ¶ 16.[6/]

- A partner in the firm's Motion Picture and Television Department has hosted numerous meals and golf outings at his private golf club for the benefit of various clients. The expenses have been charged back to the client using the firm's accounting system. *Id.*, ¶ 17.

- A partner in the firm's Washington, D.C. office has hosted events for clients at a private club of which he is a member. The charges have on occasion approached one thousand dollars ($1000.00) for a single event. All of these expenses have been charged back to the client using the firm's accounting system. *Id.*, ¶ 18.

The Luncheon was no different from these and many other similar events. The firm's "extension of credit" to the Committee with regard to the Luncheon was no different that the many examples set out above, and thus clearly within the "ordinary course of business" of MP&P.

Thus, MP&P's advance of the costs of the Luncheon could not be considered a contribution. The facts show that the costs were advanced in the ordinary course of business, billed in the ordinary course of business, and collected in the ordinary cost of business.

6/ The firm is prohibited by ethical rules regarding disclosure of confidential client communications and information from identifying a client's name or financial condition or details regarding the work performed for the particular client. Cunningham Decl., ¶ 15.

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III. EVEN IF THE EXPENDITURE FOR THE LUNCHEON WAS A "CONTRIBUTION," THE COMMISSION SHOULD NOT PURSUE THIS MATTER, GIVEN THE ALLEGED CONTRIBUTION'S SMALL SIZE AND THE NON-CORPORATE STATUS OF MP&P

The firm does not believe that it made a contribution by making the expenditures in connection with the Luncheon. As the firm accounting manager stated previously:

> The firm at no time intended to make any political contribution to the [Committee]. To the contrary, the firm took significant pains and the time which was necessary to ensure that all charges incurred at the firm which were allocable to the [Committee] were included in the firm's bills to the [Committee] and billed at the appropriate levels. In all this, the [Committee] was treated no differently than other similarly-situated clients. In fact, in many ways the [Committee] was treated less favorably than the numerous firm clients for whom the firm, under comparable circumstances, accumulated all costs and fees until the conclusion of their representation.1/

Thus, if there were a contribution made by the firm, it was unintentional and despite the firm's best efforts to prevent such contributions. Thus, there was no willful intent to make an unreported contribution.

Such minor and unintentional "violations" are not worthy of further pursuit. The Commission has often taken no further action despite finding reason to believe that a violation has occurred.

For example, in *Kerry for President, Inc.*, MUR 3947, the Commission decided to take no further action despite finding reason to believe that Kerry for President, its treasurer, and Barry Diller violated provisions of the Act in that (1) Kerry for President's treasurer made an excessive contribution of $7,161.52 since Kerry for President did not reimburse him for travel expenses within the regulatory time periods, and (2) Barry Diller

---

1/ Affidavit of Judi Cunningham Re: Clinton for President Campaign Billings (the "1994 Cunningham Affidavit") (July 1, 1994), filed with the Commission previously in this proceeding, at ¶ 6.

made an excessive contribution to Kerry for President in the amount of $8,977.65 by incurring fundraising event expenses that were not refunded, redesignated, or reattributed.

Likewise, in *Perot '92 and Mike Poss, as Treasurer*, MURs 3679, 3726, and 3741, the FEC chose to take no action even though it concluded that there was reason to believe that Perot '92 knowingly received $7,271 in excess of the limits (and that Perot '92 failed to report that item) and that there was reason to believe that Perot '92 failed to ensure the collection and reporting of some $5,089 in contributions.

Here, where the alleged violation is not clear but is vigorously denied, no further action is warranted.

IV. CONCLUSION

In summary, the Commission should close the file. The Commission should not find that there is probable cause to believe that a violation has occurred. The expenditure for the Luncheon did not constitute a contribution under the Commission's own stated standard. Even if it did, the Commission should follow its own precedents when dealing with such small amounts by not pursuing this matter further. It is respectfully requested that the Commission take no further action and close MUR 4172 as to Manatt, Phelps & Phillips.

Very truly yours,

Ronald B. Turovsky

Ronald B. Turovsky

RBT:cak
Enclosures

9704380249

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 24 2 18 PM '95

MANATT, PHELPS & PHILLIPS
Ronald B. Turovsky
Coby A. King
11355 West Olympic Boulevard
Los Angeles, California 90064
Telephone: (310) 312-4000

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	Case No. FEC MUR 4172
Manatt, Phelps & Phillips.	Response to Subpoena to Produce Documents

Respondent Manatt, Phelps & Phillips ("MP&P") hereby responds to the Subpoena to Produce Documents served on MP&P by the Federal Election Commission ("FEC") in connection with the above-referenced matter.

GENERAL OBJECTIONS

1. MP&P objects to the subpoena in its entirety on the ground that it calls for documents that are not relevant in that they do not appear to be reasonably calculated to lead to the discovery of admissible evidence of a violation of the Federal Election Campaign Act.

2. MP&P objects to the subpoena in its entirety on the ground that it calls for documents the production of which would violate MP&P's right to privacy.

Each of the general objections are incorporated into the specific responses below.

RESPONSE TO INDIVIDUAL SUBPOENA CATEGORIES

Response to Request Number 1

There are no documents responsive to this request.

Response to Request Number 2

Documents responsive to this request are attached.

9704380025C
MANATT, PHELPS & PHILLIPS
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
11355 WEST OLYMPIC BOULEVARD • LOS ANGELES, CALIFORNIA 90064-1614
TELEPHONE (310) 312-4000 FAX (310) 312-4224

Response to Request Number 3

Documents responsive to this request are attached.

Response to Request Number 4

MP&P objects to the request on the ground that it calls for information, not documents, and is thus beyond the scope of the Subpoena. There are no documents responsive to this request.

Response to Request Number 5

MP&P objects to the request on the ground that it calls for information, not documents, and is thus beyond the scope of the Subpoena. There are no documents responsive to this request.

Dated: October 18, 1995

MANATT, PHELPS & PHILLIPS
RONALD B. TUROVSKY
COBY A. KING

By: Ronald B. Turovsky
RONALD B. TUROVSKY
Attorneys for MANATT, PHELPS & PHILLIPS

MANATT, PHELPS & PHILLIPS
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
11355 WEST OLYMPIC BOULEVARD • LOS ANGELES, CALIFORNIA 90064-1614
TELEPHONE (310) 312-4000 FAX (310) 312-4224

9704380025 1

STATEMENT

The Regency Club

10900 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024
(310) 208 1443

MARIA HUMMER
12813 BRISTOL CIRCLE N.
LOS ANGELES, CA.
90049

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE
YOUR CANCELLED CHECK IS YOUR RECEIPT.

STATEMENT DATE	MEMBER NO.	AMOUNT REMITTED
03/31/92	010172	$

DATE	TICKET	DESCRIPTION	CHARGES	PAYMENTS	CURRENT BALANCE
		BALANCE FWRD:			140.00
03/19	2535	PAYMENT		140.00	.00
03/20	072869	BREAKFAST-REGEMC	59.27		59.27
03/26	000380	TRANSFER	60.82		120.09
		2/05 LUNCH			
03/26	024213	LUNCH - CATERING	8367.93		8487.44
03/31		MONTHLY DUES	140.00		8627.44

DON'T MISS OUR CABERET NIGHTS
* * * *
EVERY THURSDAY & SATURDAY EVENING IN THE HUNT ROOM BAR

M 000001

MEMBER NO.	CURRENT	30 DAYS	60 DAYS	90 DAYS	
010172	8627.44				8627.44

A SERVICE CHARGE IS ADDED AT THE RATE OF ONE AND ONE-HALF PERCENT PER MONTH (ANNUAL RATE OF EIGHTEEN PERCENT)

K. TO PAY.
ARGE: 9266/001 (0)
~~(40,367.93)~~

NCHEON FOR
LARY CLINTON
3/26/92
00 ATTENDEES)

9704380 0 25

4/17

7,542.93
7,402.93

got more checks from people - total of $140.00

Melva Hummon

The Regency Club

Regency

CATERING

MEMBER NO	MEAL	WAITER	TABLE NO	COVERS	24213
10,172	L.	13		239	

239 @ $35 TOTAL

DATE: 03/26/92 TIME: 2:49 PM
CHECK: 024213 SERVER: 000013
TABLE: REG COVERS: 239

239	FOOD	4660.30
26	WINE	936.00
19	BEVERAGE-OTHER	928.20
	CHARGE TOTAL:	6524.70
	TAX	652.47
	SERVICE CHARGE:	1304.94
	SUB TOTAL	8482.11
	10.0% DISC	8482.11
	0003172 CHECK NUMBER	

MAR 2 6 1992

MEMBER'S SIGNATURE

M 000002

9704380025 3

MANATT, PHELPS, PHILLIPS & KANTOR

MEMORANDUM

RECEIVED
APR 10 1992
MANATT, PHELPS, PHILLIPS & KANTOR

To: Christine Tauber

From: Susan Collins

Date: April 9, 1992

Subject: Regency Club Invoice

Attached you will find an invoice from the Regency Club in the amount of $8,367.93. Also attached you will find checks made payable to the Regency Club in the amount of $650.00. Please pay this invoice in the amount of $7,717.93 (that is the full cost of $8,367.93 less the $650.00 in personal checks). Charge this to the Clinton campaign cost account 9266-001.

Since this invoice is on Marie Hummer's membership, I would appreciate it if you would expedite payment.

Thank you.

9704380025 4

M 000003

VENDOR NO

04815 REGE ' CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

CHECK NO 69658

MANATT, PHELPS, PHILLIPS & KANTOR

INVOICE DATE	INVOICE NO	VOUCHER NUMBER	ACCOUNT NUMBER	FILE NUMBER	DB CD	ADDITIONAL DESCRIPTION	AMOUNT
2/1/92	924213	0377927	19-01-121-01	9264.001	D	THE REGENCY	C 7,542.93
						TOTAL AMOUNT ▶	7,542.93

9743800255

MANATT, PHELPS, PHILLIPS & KANTOR
ATTORNEYS AT LAW-GENERAL ACCOUNT
11355 W. OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614

First Interstate Bank
WORLD CENTER OFFICE #151
633 W. FIFTH STREET
LOS ANGELES, CA 90071

16-21
1220

CHECK NO 69658

DATE 4/13/92

CHECK AMOUNT
$ **7,542.93

VOID

THE SUM OF **7,542 DOLLARS AND 93 CENTS

PAY TO THE ORDER OF
REGENCY CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

NOT NEGOTIABLE

⑈069658⑈ ⑆122000218⑆ 101400244⑈ 11

M 000004

MANATT, PHELPS, PHILLIPS & KANTOR
ATTORNEYS AT LAW/-GENERAL ACCOUNT
11355 W. OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614

First Interstate Bank
WORLD CENTER OFFICE #101
633 W. FIFTH STREET
LOS ANGELES, CA 90071

15-21
1220

CHECK NO 69914

DATE 4/23/92

CHECK AMOUNT
$**7,402.93

THE SUM OF **7,402 DOLLARS AND 93 CENTS

AY TO
HE ORDER
F

REGENCY CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

10172

Number: 10172

"069914" :122000218:101400214" 11 "000074029 3"

9704380025 6

M 000005

260

122000218
04/28/92

▶1220000434◀ L
SPNB 333 S. HOPE LA, CA
04/27/92 026A0005182 DO

08136912 83081051

9704380002257

M 000006

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON D.C. OFFICE
1200 NEW HAMPSHIRE AVE. N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

P1

CAMPAIGN COSTS
11355 W. OLYMPIC BLVD.
LOS ANGELES, CA 90064

BILLING DATE: 5/31/92

ATTN: MICKEY KANTOR

CLIENT NO: 09266
REF NO: 64675

FEES FOR PROFESSIONAL SERVICES RENDERED THRU 5/31/92:	1,137.50
DISBURSEMENTS MADE TO YOUR ACCOUNT THRU 5/31/92:	96,631.67
TOTAL THIS INVOICE:	97,769.17
TOTAL NOW DUE:	97,769.17

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MANATT, PHELPS, PHILLIPS & KANTOR
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11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF SERVICES RENDERED	HOURS	AT
2/10/91	RESEARCH CASE FOR HELENANN HIRSCH	.25	JF
2/21/92	RESEARCH CLINTON - ASSIST WITH NEXIS SEARCH ON AIDS FOR HH	.25	JH
5/11/92	RESEARCH NEXIS RESEARCH RE JERRY BROWN FOR HH	2.00	JH
	RESEARCH NEXIS SEARCH FOR ED WEISS	.25	JF
5/12/92	RESEARCH NEXIS SEARCH FOR HELENANN HIRSCH.	.50	RC
5/13/92	RESEARCH OBTAIN INFORMATION ON NUKEM FOR MK AND OBTAIN COPY OF THE SF CHRONICLE FOR JJH	.75	JH
5/20/92	RESEARCH LEXIS RESEARCH ON JERRY BROWN FOR HH	1.50	JH
5/23/92	RESEARCH OBTAIN INFORMATION ON ICN BIOMEDICAL FOR EJW	.25	JH
	RESEARCH NEXIS SEARCH FOR ED WEISS.	1.50	RC
5/24/92	RESEARCH OBTAIN PROXY STATEMENT FOR ICN FOR EJW	.50	JH
5/25/92	RESEARCH ICN SEARCH FOR ED WEISS	.50	JF
5/26/92	RESEARCH OBTAIN INFORMATION ON USA COMMITTEE FOR HH	.75	JH
5/27/92	RESEARCH LEGI-TECH SEARCH ON CAMPAIGN CONTRIBUTIONS FOR USA COMM. FOR HH	.50	JH
5/30/92	RESEARCH LEXIS RESEARCH ON FULBRIGHT & JAWORSKI FOR MK	.75	JH
5/31/92	RESEARCH LEXIS RESEARCH RE JERRY BROWN FOR HH	.75	JH
6/01/92	RESEARCH LOCATE JUDICIAL APPOINTMENT BY JERRY BROWN AND LEXIS SEARCH ON NATIONAL COMMISSION FOR INDUSTRIAL INNOVATION		

MANATT, PHELPS, PHILLIPS & KANTOR
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TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF SERVICES RENDERED	HOURS AT
	FOR HH	1.00 JH
4/02/92	RESEARCH OBTAIN LIST OF JUDICIAL APPOINTMENT BY JERRY BROWN FOR HH	.25 JH
4/06/92	RESEARCH LOCATE INFORMATION ON JERRY BROWN FOR HH	.75 JH
4/21/92	CONFERENCE WITH PHIL RECHT AND NICK FLAGLER TELEPHONE CONFERENCE WITH PRENTICE HALL PREPARE FAX RE: QUALIFICATION IN CALIFORNIA	.50 SJ

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
7/31	H H/CPT/CMS 6/24	57.00
8/26	H H/CPT/CMS/WEST.PUBLISH	52.25
9/30	H H/CMS/CPT/WEST.PUBLISHI	52.25
9/30	H H/H&H/WEST.PUBLISHING	38.00
2/12	FESTIVE FOODS	348.80
2/12	ALAN ARKATOV	138.06
2/13	SUSAN COLLINS	10.00
2/25	U.S. POSTAL OFFICE	2,320.00
2/27	ADVANCED OFFICE PRODUCTS	150.47
2/27	BOISE CASCADE OFFICE PROD	241.56
2/28	A BUSINESS CONFERECE CALL	97.65
2/28	CLINTON/DIALOG	5.94
3/12	SUSAN COLLINS	50.00
3/12	K*S	17.21
3/16	TRC	494.00
3/16	TRC	97.50
3/16	TRC	494.00
3/23	A BUSINESS CONF.CALL	184.70
3/27	SUSAN COLLINS	60.00
3/30	ZABIE*S INC.	50.77
3/31	DISCLOSURE INFOCENTERS	41.65
3/31	MKG/MEAD DATA CENTRAL	837.00
3/31	BWS/MEAD DATA CENTRAL	4.50
3/31	MKG/MEAD DATA CENTRAL	45.00

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TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
3/31	H H/MEAD DATA CENTRAL	1,002.00
3/31	DANA RAYL WEST (PHOTOS)	703.13
4/08	CENTRE CAFE	5.68
4/08	CENTRE CAFE	21.65
4/08	K'S DELICAATESSEN	22.19
4/08	K'S DELICAATESSEN	17.00
4/10	K'S	7.85
4/10	TRC	637.00
4/13	SUSAN COLLINS	70.00
4/13	PIE M. WALKER	5.00
4/13	THE REGENCY CLUB	7,542.93
4/16	DISCLOSURE INFOCENTERS	42.40
4/16	DISCLOSURE INFOCENTERS	49.40
4/16	DISCLOSURE INFOCENTERS	54.40
4/16	AMERICAN POLITICAL NETWOR	11.68
4/16	TRC	565.50
4/23	BOISE CASCADE OFFICE PROD	191.36
4/23	CAREER GROUP INC.	486.45
4/23	THE REGENCY CLUB	7,402.93
4/23	TRC	533.00
4/27	TRC	879.94
4/27	TRC	1,713.56
4/27	TRC	1,050.56
4/28	SUSAN COLLINS	60.00
4/28	PARASEC	144.00
4/29	BOARD ROOM COST	45.00
4/30	DIALOG	85.17
4/30	LEGI-TECH	40.00
4/30	VU/TEXT	57.72
4/30	DISCLOSURE INFOCENTER	41.65
4/30	MKG/MEAD DATA CENTRAL	1,845.00
4/30	HUGHES/MEAD DATA CENTRAL	22.50
4/30	E W/MEAD DATA CENTRAL	180.00
4/30	HIRSCH/MEAD DATA CENTRAL	217.50
4/30	H H/MEAD DATA CENTRAL	460.50
4/30	E W/MEAD DATA CENTRAL	150.00
4/30	H H/MEAD DATA CENTRAL	189.00
4/30	H K/MEAD DATA CENTRAL	187.50
4/30	MKG/MEAD DATA CENTRAL	112.50
4/30	E W/MEAD DATA CENTRAL	252.00

MANATT, PHELPS, PHILLIPS & KANTOR
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TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
4/30	H H/MEAD DATA CENTRAL	4,354.50
4/30	RNE/MEAD DATA CENTRAL	126.00
4/30	H H/WEST PUBLISHING	4.75
4/30	VOID	7,542.93-
4/30	MAGAZINES	14.51
5/11	ZABIE'S	28.40
5/12	K'S	16.99
5/18	CENTRE CAFE	8.93
5/18	CENTRE CAFE	9.74
5/21	ADVANCED OFFICE PRODUCTS	23.76
5/26	TRC	1,072.50
5/26	TRC	977.44
5/30	PARASEC	33.00
5/30	QUALITY BUSINESS MACHINES	211.09
5/31	MEAD DATA ADJ	3,364.50-
5/31	BOARD ROOM ADJ	45.00-
5/31	OFFICE RENTAL	6,440.00
5/31	OFFICE RENTAL	1,500.00
5/31	OFFICE RENTAL	500.00
5/31	SALARY ASSESSMENT	11,298.00
4/30	REPRODUCTION	16,063.80
4/30	TELEPHONE CHARGES	4,608.00
4/30	MESSENGER	4,580.23
4/30	SECRETARIAL OVERTIME	5,066.25
4/30	MILEAGE/PARKING	262.20
4/30	TRAVEL EXPENSES	2,604.67
4/30	DOCUMENT PRODUCTION	6,956.25
4/30	DOCUMENT PRODUCTION	288.75
4/30	FAX CHARGES	5,405.12
4/30	POSTAGE	2,135.26

RE: CAMP-CLINTON FOR PRESIDENT

TOTAL FEES	1,137.50
TOTAL DISBURSEMENTS	96,631.67
BALANCE DUE	97,769.17

M ATT, PHELPS, PHILLIPS & K/ TOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW
11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90064-1614

TAX ID NO. 95-2376841
TELEPHONE (310) 312-4000
FAX (310) 312-4224
CABLE MPRT UR
TELEX 216663

June 11, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

9704380026 3

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the months of December, 1991 and January, February, March, April and May, 1992.

Library Research

J. Westerhold	1.00 hours at	$ 60.00
J. Bailey	10.00 hours at	900.00
R. Mora	2.00 hours at	120.00
S. Weinberg	.50 hours at	57.50
		$ 1,137.50

Fax Charges	$ 5,405.12
Postage	2,135.26
Miscellaneous	
West Publishing	204.25
Temp Help	9,001.45
Mead Data Research	6,729.00
U.S. Post Office	2,320.00
Regency Club	7,402.93
Parasec	177.00
Office Supplies	832.75
Library Research	430.01
Dana West/Photos	703.13

INVOICES REMAINING UNPAID 30 DAYS AFTER DATE OF INVOICE WILL BE CHARGED A LATE PAYMENT CHARGE OF 18% PER ANNUM (1.5% PER MONTH).

Misc/Meals	810.21
Conference Calls	282.35
Arkatov/Tape	138.06
Reproduction	16,063.80
Telephone	4,608.00
Messenger/Federal Exp.	4,472.23
Secretarial O/T	5,066.25
Mileage/Parking	262.20
Travel Expense	2,604.67
Office Rental	6,440.00
Office Rental	1,500.00
Office Rental	500.00
Salary Assessment	11,298.00
Document Production	7,245.00
	$96,631.67

Total for January 1-May 31, 1992	$ 97,769.17
Total for September 1,-December 31, 1991	$ 7,496.10
TOTAL NOW DUE	**$105,265.27**

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COMMITTEE

Number	Inv. Date	Inv. Amount	Amount Paid
0292	08/07/92	60,096.03	60,096.03

June Legal Fees

11851

$60,096.03

COUNTON FOR PRESIDENT COMMITTEE
PHONE (501) 372-1992
P.O. BOX 818
LITTLE ROCK, AR 72203

NORTHEN NATIONAL BANK
LITTLE ROCK, AR 72203
81-7 820

11851

08/07/92 ****60,096.03

SIXTY THOUSAND DOLLARS AND 03 CENTS

DATE AMOUNT

TWO SIGNATURES REQUIRED IF OVER $3000.00

NOT NEGOTIABLE

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CLINTON FOR PRESIDENT COMMITTEE

13421

Ref.	Inv. Number	Inv. Date	Inv. Amount	Amount Paid
24943	80072892	07/28/92	60,096.03	60,096.03

TRX DESCRIPTION: Bal Due Inv From July 28

$60,096.03

CLINTON FOR PRESIDENT COMMITTEE
PHONE (202) [illegible]
P.O. BOX [illegible]
[illegible]

[illegible] NATIONAL BANK
[illegible], DC [illegible]

13421

09/12/92 $******60,096.03

********60,096 DOLLARS AND 03 CENTS

[illegible]

Manatt, Phelps, et all.

[illegible] SIGNATURES REQUIRED IF OVER [illegible]

NOT NEGOTIABLE

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CHECK REQUEST

23105

PAYABLE TO: Manatt, Phelps et al

VENDOR NUMBER: Manat 52

CHECK AMOUNT: $ 60,096.03

ACCTS TO CHARGE: 101 - 6070

INVOICE NUMBER: 934601

INVOICE DATE: 7/28/92

DUE DATE: 8/07/92

DESCRIPTION: Outside legal costs

APPROVAL

BUDGETARY

COMPLIANCE

ACCTING: 8-7-92

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MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

TELEPHONE (310) 312-4000
FAX (310) 312-4224
TELEX 216615
CABLE MPAT UR

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90064-1614

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036-6876
(202) 463-4200
FAX (202) 463-4264

July 28, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the month of
June, 1992

Fax Charges	$ 1,978.89	
Postage	3.94	
Miscellaneous		
Temp Help	485.06	APRIL
Mead Data	708.00	Reversal in Library
Office Supplies	211.09	
Misc. Library Research	66.02	
Meals	180.62	
Public Address Rental	293.30	Bob Platt Fundraiser
American Express Chgs	1,865.40	
Reproduction	129.96	
Telephone	5,980.25	
Messenger	553.25	
Secretarial O/T	1,680.00	ALL secy's -
Travel	248.51	
Document Production	26.25	
Salary Assessment	1,256.25	

Total Amount Due for June, 1992	$ 15,666.79
Amounts Due from prior billings	104,525.27
TOTAL AMOUNT DUE	$120,192.06

1/2 pd 8/7/92 60,096.03

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MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

TELEPHONE (310) 312-4000
FAX (310) 312-4224
TELEX 215053
CABLE MPPT UR

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90064-1614

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036-6809
(202) 463-4300
FAX (202) 463-4394

July 28, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the month of June, 1992

Fax Charges	$ 1,978.89	
Postage	3.94	
Miscellaneous		
Temp Help	485.06	
Mead Data	708.00	
Office Supplies	211.09	
Misc. Library Research	66.02	
Meals	180.62	
Public Address Rental	293.30	
American Express Chgs	1,865.40	
Reproduction	129.96	
Telephone	5,980.25	
Messenger	553.25	
Secretarial O/T	1,680.00	
Travel	248.51	
Document Production	26.25	
Salary Assessment	1,256.25	
Total Amount Due for June, 1992		$ 15,666.79
Amounts Due from prior billings		104,525.27
TOTAL AMOUNT DUE		$120,192.06

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MANATT, PHELPS, PHILLIPS & KANTOR
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ATTORNEYS AT LAW

TELEPHONE (310) 312-4000
FAX (310) 312-4224
TELEX 215852
CABLE MPHT UR

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90064-1614

WASHINGTON, D.C. OFFICE
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WASHINGTON, D.C. 20036-6802
(202) 463-4300
FAX (202) 463-4394

July 28, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the months of
January, February, March, April and
May, 1992

Library Research

J. Westerhold	1.00 hour	$ 60.00	
J. Bailey	10.00 hours	900.00	
R. Mora	2.00 hours	120.00	
S. Weinberg	.50 hours	57.50	
Subtotal-Library Research			$ 1,137.50

Fax Charges	$ 5,405.12	
Postage	2,135.26	
Miscellaneous		
West Publishing	204.25	
Temp Help	9,001.45	
Mead Data	6,729.00	
U.S. Post Office	2,320.00	
Regency Club	7,402.93	HRC Luncheon
Parasec	177.00	
Office Supplies	832.75	
Misc. Library Research	430.01	
Dana Rayl West (Photos)	703.13	HRC Events per Gibbs + New Hampshire
Meals	810.21	
Conf. Calls	282.35	
Alan Arkatov	138.06	TAPE
Reproduction	16,063.80	
Telephone	4,608.00	
Messenger	4,472.23	

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Secretarial O/T	5,066.25	All Secy's
Mileage/Parking	262.20	
Travel	2,604.67	
Document Production	7,245.00	
Office Rental	1,932.00	
Office Rental	1,500.00	
Office Rental	500.00	
Salary Assessment	15,066.00	
Subtotal-Costs		95,891.67
Total Amount Due for January - May, 1992		$ 97,029.17
Amounts Due from prior billing		7,496.10
TOTAL AMOUNT DUE		$104,525.27

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MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

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FAX (310) 312-4224
TELEX 215453
CABLE MANATT UR

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CALIFORNIA 90064-1614

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036-6869
(202) 463-4300
FAX (202) 463-4394

July 28, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the months of
January, February, March, April and
May, 1992

Library Research

J. Westerhold	1.00 hour	$ 60.00	
J. Bailey	10.00 hours	900.00	
R. Mora	2.00 hours	120.00	
S. Weinberg	.50 hours	57.50	
Subtotal-Library Research			$ 1,137.50
Fax Charges		$ 5,405.12	
Postage		2,135.26	
Miscellaneous			
West Publishing		204.25	
Temp Help		9,001.45	
Mead Data		6,729.00	
U.S. Post Office		2,320.00 A	
Regency Club		7,402.93 P	
Parasec		177.00	
Office Supplies		832.75	
Misc. Library Research		430.01	
Dana Rayl West (Photos)		703.13	
Meals		810.21	
Conf. Calls		282.35	
Alan Arkatov		138.06	
Reproduction		16,063.80	
Telephone		4,608.00	
Messenger		4,472.23	

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Secretarial O/T	5,066.25	
Mileage/Parking	262.20	
Travel	2,604.67	
Document Production	7,245.00	
Office Rental	1,932.00	
Office Rental	1,500.00	
Office Rental	500.00	
Salary Assessment	15,066.00	
Subtotal-Costs		95,891.67
Total Amount Due for January - May, 1992		$ 97,029.17
Amounts Due from prior billing		7,496.10
TOTAL AMOUNT DUE		$104,525.27

9704380027 3

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

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TELEX 218063
CABLE MPAT UR

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(202) 463-4100
FAX (202) 463-4394

July 28, 1992

David Watkins
Clinton for President
Post Office Box 615
Little Rock, Arkansas 72203

#9266-001

CLINTON FOR PRESIDENT - COSTS 9266-001

For costs incurred during the months of September, October, November and December, 1991.

Fax Charges	$ 3,378.32
Miscellaneous	
U.S. Post Office	870.00
Meals	18.80
Reproduction	160.80
Telephone	615.73
Messenger	291.25
Mileage/Parking	8.70
Document Production	2,152.50

Total Amount Due for September - December, 1991 $ 7,496.10

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MANATT, PHELPS & PHILLIPS
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
11355 WEST OLYMPIC BOULEVARD • LOS ANGELES, CALIFORNIA 90064-1614
TELEPHONE (310) 312-4000 FAX (310) 312-4224

Declaration of Judi Cunningham

I, Judi Cunningham, declare as follows:

1. I am the accounting manager for Manatt, Phelps & Phillips (the "Firm" or "MP&P") and, as such, am familiar with the Firm's client billing and collection practices.

2. The facts set forth herein are personally known to me to be true and correct, and, if called upon to testify, I could and would competently testify thereto.

3. The Firm opened an account to track and bill Firm expenses for the Clinton for President Committee (the "Committee").

4. I am informed and believe, and on that basis allege, that on March 26, 1992, a luncheon was hosted for Hillary Clinton at the Regency Club (the "Luncheon").

5. I am informed and believe, and on that basis allege, that the cost of the Luncheon was billed to the Regency Club member account of Maria Hummer, a partner of MP&P, and that the total cost billed to Ms. Hummer's member account was $8,367.93. A true and correct copy of Ms. Hummer's member account statement dated March 31, 1992, which shows the full $8,367.93 charge for the Luncheon, as submitted to the accounting department for payment, is attached as Exhibit A. A true and correct copy of the catering bill itself, showing the full amount and that it is to be charged to the account of Ms. Hummer, as submitted to the accounting department for payment, is attached as Exhibit B.

6. On or about April 9, 1992, I received a copy of a memorandum from Susan Collins, then an employee of the Firm, requesting payment in the amount of $7,717.93 to the Regency Club for the expenses of the Luncheon, to be billed to the account of the Committee. A true and correct copy of this memorandum is attached at Exhibit C.

7. Before a check was prepared, I was told that payments in the amount of $175.00 had been received and that the amount of the check should be reduced by that amount to $7,542.93. Pursuant to normal Firm accounting procedures, a check was prepared for that amount on April 13, 1992, and the amount was charged to the Committee's account.

8. After the check was prepared, but before it was sent to the Regency Club, I was informed that additional payments in the amount of $140.00 had been received and that the first check should be voided and a new check should be prepared in the new amount of $7,402.93.

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MANATT, PHELPS & PHILLIPS
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
11355 WEST OLYMPIC BOULEVARD • LOS ANGELES, CALIFORNIA 90064-1614
TELEPHONE (310) 312-4000 FAX (310) 312-4224

9. Thus, the first check was voided, and $7,542.93 was credited to the Committee's account. A true and correct copy of the voided first check is attached as Exhibit D.

10. A second check, in the amount of $7,402.93, was prepared on April 23, 1992, and sent to the Regency Club. The amount was charged to the Committee's account. The check, in due course, was deposited and returned to the Firm accounting department. A true and correct copy of the second check, as deposited, is attached as Exhibit E.

11. On or around May 31, 1992, a bill detailing all expenses related to the Committee through May 31, 1992, was prepared. A true and correct copy of this bill is attached as Exhibit F.

12. The bill correctly shows, on page 4, the April 13 Regency Club expense in the amount of $7,542.93, representing the first and later voided check.

13. The bill also correctly shows on page 4 the April 23 Regency Club expense in the amount of $7,402.93, representing the second, and ultimately deposited, check.

14. The bill also correctly shows, on page 5, the credit entry made on April 30 in the amount of $7,542.93, representing the voided first check.

15. The firm is prohibited by ethical rules regarding disclosure of confidential client communications and information from identifying a client's name or financial condition or details regarding the work performed for the particular client. However, the procedure used by Ms. Hummer (submitting an expense to the firm for payment and charge against a client account) was within the normal course of business for MP&P.

16. A partner in the firm's Financial Services Department has organized a series of dinner meetings on behalf of a client. These dinners, which took place at the partner's private club and other locations outside the firm's offices, and which started in July of 1993 and continue to this day, have resulted in the client being charged back for nearly five thousand dollars ($5000.00) in expenses, using the firm's accounting system.

17. A partner in the firm's Motion Picture and Television Department has hosted numerous meals and golf outings at his private golf club for the benefit of various clients. These expenses have been charged back to the client using the firm's accounting system.

18. A partner in the firm's Washington, D.C. office has hosted events for clients at a private

club of which he is a member. The charges have on occasion approached one thousand dollars ($1000.00) for a single event. All of these expenses have been charged back to the client using the firm's accounting system.

I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct. Executed this 18th day of October 1995, at Los Angeles, California.

Judi Cunningham

9704380027
MANATT, PHELPS & PHILLIPS
A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
11355 WEST OLYMPIC BOULEVARD • LOS ANGELES, CALIFORNIA 90064-1614
TELEPHONE (310) 312-4000 FAX (310) 312-4224

STATEMENT

Exhibit A

681

The Regency Club

10900 WILSHIRE BOULEVARD
LOS ANGELES, CALIFORNIA 90024
(310) 208 1443

MARIA HUMMER
12813 BRISTOL CIRCLE N.
LOS ANGELES, CA.
90049

PLEASE RETURN THIS PORTION WITH YOUR REMITTANCE
YOUR CANCELLED CHECK IS YOUR RECEIPT

03/31/92	010172	$
STATEMENT DATE	MEMBER NO.	AMOUNT REMITTED

DATE	TICKET	DESCRIPTION	CHARGES	PAYMENTS	CURRENT BALANCE
		BALANCE FWRD:			140.00
03/19	2535	PAYMENT		140.00	.00
03/20	072869	BREAKFAST-REGENC	59.29		59.29
03/25	000380	TRANSFER	80.22		139.51
		2/05 LUNCH			
03/26	024213	LUNCH - CATERING	8367.93		8507.44
03/31		MONTHLY DUES	140.00		8627.44

K. TO PAY.

ARGE: 9266/001 (0)
~~(40,367.93)~~

NCHEON FOR
LARY CLINTON
3/26/92
00 ATTENDEES)

7,542.93

7,402.93

got more checks from people - total of $140.00

4/17

DON'T MISS OUR CABERET NIGHTS
* * *
EVERY THURSDAY & SATURDAY EVENING IN THE HUNT ROOM BAR

M 000001

MEMBER NO.	CURRENT	30 DAYS	60 DAYS	90 DAYS	
010172	~~8627.44~~				~~8627.44~~

A SERVICE CHARGE IS ADDED AT THE RATE OF ONE AND ONE-HALF PERCENT PER MONTH ON THE UNPAID BALANCE

Exhibit B

Maria Hummer

The Regency Club

Regency

CATERING

MEMBER NO.	MEAL	WAITER	TABLE NO.	COVERS	
10172	L.	B		239	24213

239 @ $ 35 10%

DATE: 03/26/92 TIME: 2:49 PM
CHECK: 024213 SERVER: 00001
TABLE: REG COVERS: 239

239	FOOD	6660.30
20	WINE	93.00
239	BEVERAGE-OTHER	728.30
	CHARGE TOTAL:	7521.70
	TAX	521.78
	SERVICE CHARGE:	1304.34
	SUB TOTAL:	9347.82
	CLOSE CHECK	9347.82

010172 MARIA HUMMER

MAR 2 6 1992

MEMBER'S SIGNATURE

M 000002

9704380002279

Exhibit C

MANATT, PHELPS, PHILLIPS & KANTOR

MEMORANDUM

RECEIVED
APR 10 1992
MANATT, PHELPS, PHILLIPS & KANTOR

To: Christine Tauber

From: Susan Collins

Date: April 9, 1992

Subject: Regency Club Invoice

Attached you will find an invoice from the Regency Club in the amount of $8,367.93. Also attached you will find checks made payable to the Regency Club in the amount of $650.00. Please pay this invoice in the amount of $7,717.93 (that is the full cost of $8,367.93 less the $650.00 in personal checks). Charge this to the Clinton campaign cost account 9266-001.

Since this invoice is on Marie Hummer's membership, I would appreciate it if you would expedite payment.

Thank you.

9704380028C

Exhibit D

VENDOR NO. 04215 REGENCY CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

069658
CHECK NO 69658

MANATT, PHELPS, PHILLIPS & KANTOR

INVOICE DATE	INVOICE NO	VOUCHER NUMBER	ACCOUNT NUMBER	FILE NUMBER	DB CD	ADDITIONAL DESCRIPTION	AMOUNT
4/6/92	224213	0377927	19-01-121-01	926600	D	THE REGENCY	C 7,542.93
						TOTAL AMOUNT ▶	7,542.93

MANATT, PHELPS, PHILLIPS & KANTOR
ATTORNEYS AT LAW-GENERAL ACCOUNT
11355 W. OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614

First Interstate Bank
WORLD CENTER OFFICE #101
633 W. FIFTH STREET
LOS ANGELES, CA 90071
CHECK NO 69658

16-21
1220

DATE 4/13/92

CHECK AMOUNT
$**7,542.93

VOID
4/23/92

THE SUM OF **7,542 DOLLARS AND 93 CENTS

PAY TO THE ORDER OF
REGENCY CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

NOT NEGOTIABLE

⑈069658⑈ ⑆122000218⑆ 10140021 4⑈ 11

M 000004

Exhibit E

MANATT, PHELPS, PHILLIPS & KANTOR
ATTORNEYS AT LAW-GENERAL ACCOUNT
11355 W. OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614

First Interstate Bank
WORLD CENTER OFFICE #101
633 W. FIFTH STREET
LOS ANGELES, CA 90071

16-21
1220

CHECK NO 69914

DATE 4/23/92

CHECK AMOUNT
$**7,402.93

THE SUM OF **7,402 DOLLARS AND 93 CENTS

AY TO
HE ORDER
F

REGENCY CLUB
10900 WILSHIRE BLVD.
LOS ANGELES, CA 90024

10172

Memo No. 10172

"069914" :122000218:10140021 4" 11 "000074029 3,"

9704380002 82

M 000005

122000218
04/28/92

▶122000043◀ L
SPNB 333 S. HOPE LA, CA
04/27/92 026606051002 DO

08136912 83081051

9704380002883

M 000006

Exhibit #

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

CAMPAIGN COSTS
11355 W. OLYMPIC BLVD.
LOS ANGELES, CA 90064

BILLING DATE: 5/31/92

ATTN: MICKEY KANTOR

CLIENT NO: 09266
REF NO: 64675

FEES FOR PROFESSIONAL SERVICES RENDERED THRU 5/31/92:	1,137.50
DISBURSEMENTS MADE TO YOUR ACCOUNT THRU 5/31/92:	96,631.67
TOTAL THIS INVOICE:	97,769.17
TOTAL NOW DUE:	97,769.17

97043800284

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF SERVICES RENDERED	HOURS AT
2/10/91	RESEARCH CASE FOR HELENANN HIRSCH	.25 JF
2/21/92	RESEARCH CLINTON - ASSIST WITH NEXIS SEARCH ON AIDS FOR HH	.25 JH
3/11/92	RESEARCH NEXIS RESEARCH RE JERRY BROWN FOR HH	2.00 JH
8	RESEARCH NEXIS SEARCH FOR ED WEISS	.25 JF
3/12/92	RESEARCH NEXIS SEARCH FOR HELENANN HIRSCH.	.50 RC
3/13/92	RESEARCH OBTAIN INFORMATION ON NUKEM FOR HK AND OBTAIN COPY OF THE SF CHRONICLE FOR JJH	.75 JH
3/20/92	RESEARCH LEXIS RESEARCH ON JERRY BROWN FOR HH	1.50 JH
3/23/92	RESEARCH OBTAIN INFORMATION ON ICN BIOMEDICAL FOR EJW	.25 JH
	RESEARCH NEXIS SEARCH FOR ED WEISS.	1.50 RC
3/24/92	RESEARCH OBTAIN PROXY STATEMENT FOR ICN FOR EJW	.50 JH
3/25/92	RESEARCH ICN SEARCH FOR ED WEISS	.50 JF
3/26/92	RESEARCH OBTAIN INFORMATION ON USA COMMITTEE FOR HH	.75 JH
3/27/92	RESEARCH LEGI-TECH SEARCH ON CAMPAIGN CONTRIBUTIONS FOR USA COMM. FOR HH	.50 JH
3/30/92	RESEARCH LEXIS RESEARCH ON FULBRIGHT & JAWORSKI FOR KK	.75 JH
3/31/92	RESEARCH LEXIS RESEARCH RE JERRY BROWN FOR HH	.75 JH
4/01/92	RESEARCH LOCATE JUDICIAL APPOINTMENT BY JERRY BROWN AND LEXIS SEARCH ON NATIONAL COMMISSION FOR INDUSTRIAL INNOVATION	

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64671

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF SERVICES RENDERED	HOURS AT
	FOR HH	1.00 JH
4/02/92	RESEARCH OBTAIN LIST OF JUDICIAL APPOINTMENT BY JERRY BROWN FOR HH	.25 JH
4/06/92	RESEARCH LOCATE INFORMATION ON JERRY BROWN FOR HH	.75 JH
4/21/92	CONFERENCE WITH PHIL RECHT AND NICK FLAGLER TELEPHONE CONFERENCE WITH PRENTICE HALL PREPARE FAX RE: QUALIFICATION IN CALIFORNIA	.50 SJ

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
1/31	H H/CPT/CMS 6/24	57.00
2/26	H H/CPT/CMS/WEST PUBLISH	52.25
2/30	H H/CMS/CPT/WEST PUBLISHI	52.25
2/30	H H/H&H/WEST PUBLISHING	38.00
2/12	FESTIVE FOODS	348.80
2/12	ALAN ARKATOV	138.06
2/13	SUSAN COLLINS	10.00
2/25	U.S. POSTAL OFFICE	2,320.00
2/27	ADVANCED OFFICE PRODUCTS	150.47
2/27	BOISE CASCADE OFFICE PROD	241.56
2/28	A BUSINESS CONFERECE CALL	97.65
2/28	CLINTON/DIALOG	5.94
3/12	SUSAN COLLINS	50.00
3/12	K'S	17.21
3/16	TRC	494.00
3/16	TRC	97.50
3/16	TRC	494.00
3/23	A BUSINESS CONF. CALL	184.70
3/27	SUSAN COLLINS	60.00
3/30	ZABIE'S INC.	59.77
3/31	DISCLOSURE INFOCENTERS	41.65
3/31	MKG/HEAD DATA CENTRAL	837.00
3/31	BWS/HEAD DATA CENTRAL	4.50
3/31	MKG/HEAD DATA CENTRAL	45.00

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
5/31	H H/MEAD DATA CENTRAL	1,002.00
5/31	DANA RAYL WEST (PHOTOS)	703.13
6/08	CENTRE CAFE	5.68
6/08	CENTRE CAFE	21.65
6/08	K*S DE;OCAATESSEN	22.19
6/08	K*S DE;OCAATESSEN	17.00
6/10	K*S	7.85
6/10	TRC	637.00
6/13	SUSAN COLLINS	70.00
6/13	PIE M. WALKER	5.00
6/13	THE REGENCY CLUB	7,542.93
6/16	DISCLOSURE INFOCENTERS	42.40
6/16	DISCLOSURE INFOCENTERS	49.40
6/16	DISCLOSURE INFOCENTERS	54.40
6/16	AMERICAN POLITICAL NETWOR	11.68
6/16	TRC	565.50
6/23	BOISE CASCADE OFFICE PROD	191.36
6/23	CAREER GROUP INC.	486.45
6/23	THE REGENCY CLUB	7,402.93
6/23	TRC	533.00
6/27	TRC	879.94
6/27	TRC	1,713.56
6/27	TRC	1,050.56
6/28	SUSAN COLLINS	60.00
6/28	PARASEC	144.00
6/29	BOARD ROOM COST	45.00
6/30	DIALOG	85.17
6/30	LEGI-TECH	40.00
6/30	VU/TEXT	57.72
6/30	DISCLOSURE INFOCENTER	41.65
6/30	MKG/MEAD DATA CENTRAL	1,845.00
6/30	HUGHES/MEAD DATA CENTRAL	22.50
6/30	E W/MEAD DATA CENTRAL	180.00
6/30	HIRSCH/MEAD DATA CENTRAL	217.50
6/30	H H/MEAD DATA CENTRAL	460.50
6/30	E W/MEAD DATA CENTRAL	150.00
6/30	H H/MEAD DATA CENTRAL	189.00
6/30	M K/MEAD DATA CENTRAL	187.50
6/30	MKG/MEAD DATA CENTRAL	112.50
6/30	E W/MEAD DATA CENTRAL	252.00

MANATT, PHELPS, PHILLIPS & KANTOR
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
ATTORNEYS AT LAW

11355 WEST OLYMPIC BOULEVARD
LOS ANGELES, CA 90064-1614
TELEPHONE (310) 312-4000
IRS # 95-2375841

WASHINGTON, D.C. OFFICE
1200 NEW HAMPSHIRE AVE., N.W.
WASHINGTON, D.C. 20036
(202) 463-4300

FILE NO: 09266-001 CAMPAIGN COSTS DATE 5/31/92 REF: 64675

RE: CAMP-CLINTON FOR PRESIDENT

DATE	DESCRIPTION OF DISBURSEMENT	AMOUNT
4/30	H H/MEAD DATA CENTRAL	4,354.50
4/30	RNE/MEAD DATA CENTRAL	126.00
4/30	H H/WEST PUBLISHING	4.75
4/30	VOID	7,542.93-
4/30	MAGAZINES	14.51
5/11	ZABIE'S	28.40
5/12	K'S	16.99
5/18	CENTRE CAFE	8.93
5/18	CENTRE CAFE	9.74
5/21	ADVANCED OFFICE PRODUCTS	23.76
5/26	TRC	1,072.50
5/26	TRC	977.44
5/30	PARASEC	33.00
5/30	QUALITY BUSINESS MACHINES	211.09
5/31	MEAD DATA ADJ	3,364.50-
5/31	BOARD ROOM ADJ	45.00-
5/31	OFFICE RENTAL	6,440.00
5/31	OFFICE RENTAL	1,500.00
5/31	OFFICE RENTAL	500.00
5/31	SALARY ASSESSMENT	11,298.00
4/30	REPRODUCTION	16,063.80
4/30	TELEPHONE CHARGES	4,608.00
4/30	MESSENGER	4,580.23
4/30	SECRETARIAL OVERTIME	5,066.25
4/30	MILEAGE/PARKING	262.20
4/30	TRAVEL EXPENSES	2,604.67
4/30	DOCUMENT PRODUCTION	6,956.25
4/30	DOCUMENT PRODUCTION	288.75
4/30	FAX CHARGES	5,405.12
4/30	POSTAGE	2,135.26

RE: CAMP-CLINTON FOR PRESIDENT

TOTAL FEES	1,137.50
TOTAL DISBURSEMENTS	96,631.67
BALANCE DUE	97,769.17

OLDAKER, RYAN & LEONARD
ATTORNEYS AT LAW
818 CONNECTICUT AVENUE, N.W.
SUITE 1100
WASHINGTON, D.C. 20006

(202) 728-1010
FACSIMILE (202) 728-4044

LYN UTRECHT

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
Oct 24 4 40 PM '95

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 25 2 47 PM '95

October 24, 1995

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

RE: MUR 4172
American Federation of Teachers

Dear Mr. Noble:

This letter is in response to the Federal Election Commission's ("FEC" or "Commission") finding on June 15, 1995, that there is reason to believe that the American Federation of Teachers ("AFT") violated 2 U.S.C. §441b, a provision of the Federal Election Campaign Act of 1971, as amended ("FECA" or "the Act") and 11 C.F.R. §100.7(a)(1). All of the facts in this matter, including the disclaimer, the prompt billing and the payment in full, demonstrate conclusively AFT's efforts to comply fully with the law. Thus, for the reasons set forth below, AFT requests that the Commission take no further action and close the file in this matter

I. The Committee Did Not Receive Anything of Value and Therefore No Contribution Resulted.

Albert Shanker, President of AFT, writes a column which appears weekly in the New York Times. AFT purchases the space for this column from an independent vendor, Glaberman Advertising, who bills AFT monthly for the costs of the prior month's advertising space. The cost of the space is based upon the number of column inches used and thus, varies weekly according to the length of the column. The Commission's Factual and Legal Analysis ("Staff Analysis) alleges that AFT advanced the costs for Mr. Shanker's column on April 5, 1992, to the Clinton for President Committee ("the Committee") when Mr. Shanker used his column to communicate AFT's endorsement of presidential candidate Bill Clinton. At the time of the publication, however, AFT had not paid for the use of the space and no contribution could have occurred. The parties

9704300289

intended that AFT would bill the Committee as soon as it knew the cost for the column and that the Committee would pay the bill promptly. This billing arrangement is evidenced by the fact that AFT issued an invoice to the Committee on May 14, 1992, within two weeks of its receipt of Glaberman Advertising's invoice and prior to AFT's payment to Glaberman Advertising for this space. *See* original invoice dated May 14, 1992, attached hereto. However, a clerical mistake occurred when AFT issued the invoice. AFT inadvertently listed the payee as AFT, not Clinton for President. Thus, the invoice was improperly routed and was never received by the Committee's accounting department. Had there not been a mistake in the invoice, the Committee would have paid AFT for the use of this space at the same time AFT paid Glaberman Advertising. Thus, if the billing arrangement had been completed as both AFT and the Committee intended, the Committee would have promptly paid for the column. The fact that a mistake occurred in issuance of the invoice should not transform a permissible transaction into a violation.

Moreover, a contribution occurs only when something of value is received by a Committee. The Committee could have obtained comparable space directly through an agency and been billed and paid for it within a commercially reasonable time. It did not do so directly because this was Mr. Shanker's regular column (and his free speech) -- but it was clear that the parties fully intended that the Committee pay in full for the use of the space.

II. <u>This Column Is of Such Longstanding Duration As to Constitute an AFT Institution.</u>

Commission regulations permit candidate committees to use labor organization facilities in connection with a Federal election as long as the labor organization is reimbursed within a commercially reasonable time. 11 C.F.R. §114.9(d). Mr. Shanker's column on behalf of Bill Clinton is clearly the use of facilities within the meaning of this provision. The column is produced in-house by AFT employees on a regular basis. It has appeared weekly in the New York Times for nearly 25 years and came into existence shortly after the establishment of AFT. It is one of AFT's primary publications and is known to be Mr. Shanker's principal place of communication. The AFT staff reasonably believed that this column would be considered the use of an AFT facility within the meaning of 11 C.F.R. §114.9(d), and could be billed and reimbursed within a commercially reasonable time.

As previously stated, AFT properly billed the Committee for the space on May 14, 1992, within two weeks of its receipt of the Glaberman Advertising's invoice. Since AFT had to wait for the receipt of the invoice from Glaberman Advertising to determine the Committee's portion for the cost of the space, it was commercially reasonable for the

9704380029C

Committee to be billed shortly thereafter. As previously explained, there was an error in the invoice which resulted in the failure of the Committee to receive it. When the error in the invoice was discovered, AFT immediately issued a second invoice to the Committee in order to rectify this matter. The Committee paid this invoice within three weeks of receipt. AFT issued the invoice on February 2, 1993, and was paid by the Committee on February 18, 1993. *See* second invoice attached hereto. Thus, AFT clearly billed and received payment from the Committee for the column space in accordance with the standard set forth in 11 C.F.R. §114.9(d).

III. AFT Could Have Paid For the Column Without Receiving Any Payment from the Committee.

Although AFT made scrupulous efforts to ensure that no contribution resulted to the Committee in the belief that 11 C.F.R. §114.9(d) applied, a substantial legal question exists as to whether the Committee needed to pay for the advertising space at all. The April 5, 1992 column was used by Mr. Shanker to communicate its endorsement of presidential candidate Bill Clinton. While the Commission clearly permits labor organizations to communicate its endorsement of candidates through its customary press channels and state the reasons therefore, the regulations do not clearly delineate how such endorsements may be announced. Since Mr. Shanker's column is Mr. Shanker's primary method of communication to the press, this column was an appropriate method to communicate AFT's endorsement.

During numerous discussions in the past year on revised regulations regarding candidate appearances and endorsements, the Commission has acknowledged that there is much uncertainty surrounding the Commission's current policy regarding corporation and labor organization public endorsement of candidates. The draft rules proposed by Office of the General Counsel on March 9, 1994, offered two language alternatives to address the varying concerns regarding these communications. *See* FEC Agenda Document #94-11. Since this time, the language for these proposed regulations has been redrafted several times and has yet to be approved by the Commission. The Commission's struggle to adopt the proposed language suggests that much disagreement and uncertainty as to the proper scope of the rule still exist. The Explanation and Justification accompanying the draft rules offer several alternatives, including the possibilities of issuing press releases and holding press conferences. They also address the appropriate amount of coordination with the candidate's committee when endorsing candidates at public appearances. Thus, in light of the uncertainty surrounding the Commission's policy in this area, as evidenced by the above-mentioned discussions as well as forthcoming changes to the regulations, it is clear that the FEC regulations in effect in 1992 do not provide sufficient guidance in this area and should not be the basis for

9704300291

enforcement action three years after the fact particularly when the Committee in fact paid for the costs in full.

In summary, all of the facts in this matter, including the disclaimer, the prompt billing and the payment in full, demonstrate conclusively AFT's efforts to comply fully with the law. Finally, this communication was in fact an endorsement communicated through its regular press channels of AFT and therefore was a permissible communication by AFT.

In light of all the circumstances, the Commission should take no further action with respect to this matter and close its file.

Sincerely,

Lyn Utrecht

Lyn Utrecht

Attachments

9704380029 2

9704380 0293

AMERICAN FEDERATION OF TEACHERS AFL-CIO

555 NEW JERSEY AVENUE, NW
WASHINGTON, DC 20001

Please refer to this number on all correspondence, etc	21630
AMOUNT ENCLOSED	$

OK
Incorrectly
Charged
out

ELLEN SHEARER, DIRECTOR
PUBLIC AFFAIRS DEPARTMENT
AMERICAN FEDERATION OF TEACHERS
555 NEW JERSEY AVENUE, N.W.
WASHINGTON, D.C. 20001

Customer Order #	
Invoice Date	05-14-92
Shipping Date	05-14-92
Invoiced By	D. MAZIA

▲ TO ASSURE PROPER CREDIT, PLEASE RETURN THIS PORTION WITH REMITTANCE ▲

Quantity Shipped	Unit Cost	Description	AMOUNT
		SPACE COSTS FOR THE ALBERT SHANKER COLUMN IN THE NEW YORK TIMES, APRIL 5, 1992 (SEE ATTACHED)	$12,125.68
		POSTAGE	N/A

Make Checks Payable To: AMERICAN FEDERATION OF TEACHERS — PLEASE PAY THIS AMOUNT $12,125.68

21630 ORIGINAL INVOICE

9704380U294

ORIGINAL INVOICE

AMERICAN FEDERATION OF TEACHERS AFL CIO

555 NEW JERSEY AVENUE, NW
WASHINGTON, DC 20001

Please refer to this number on all correspondence, etc.	23453
AMOUNT ENCLOSED	$

GELEC
ATTN: ELLEN JOHNSON, ACCOUNTS PAYABLE
UNION NATIONAL BANK BUILDING, SUITE #1150
124 WEST CAPITOL STREET
LITTLE ROCK, ARKANSAS 72201

Customer Order #	
Invoice Date	02/02/93
Shipping Date	02/02/93
Invoiced By	D. HAZIA

▲ TO ASSURE PROPER CREDIT, PLEASE RETURN THIS PORTION WITH REMITTANCE ▲

Quantity Shipped	Unit Cost	Description	AMOUNT
		SPACE COSTS FOR THE ALBERT SHANKER COLUMN IN THE NEW YORK TIMES, APRIL 5, 1992 (SEE ATTACHED.)	$12,125.68
		POSTAGE	N/A

Make Checks Payable To: AMERICAN FEDERATION OF TEACHERS

PLEASE PAY THIS AMOUNT $12,125.68

23453 ORIGINAL INVOICE

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Oct 27 10 06 AM '95

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
OCT 26 5 04 PM '95

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Clinton for President Committee	)	**MUR 4172**
and J.L. "Skip" Rutherford,	)	
as treasurer	)	

RESPONSE OF CLINTON FOR PRESIDENT COMMITTEE TO REASON-TO-BELIEVE FINDING

INTRODUCTION

On August 15, 1995, the Federal Election Commission (the "Commission") found that there was reason-to-believe that the Clinton for President Committee (the "Committee") and J.L. "Skip" Rutherford, as treasurer, violated 441a(f) with respect to alleged contributions received from Erskine Bowles, Kenneth Brody, Paul Carey, Harold Ickes, Shelia Davis Lawrence, O'Keefe, Ashenden, Lyons & Ward, and Manatt, Phelps & Phillips. In addition, on that same date the Commission found reason-to-believe that the Committee violated 2 U.S.C. 441b with respect to alleged contributions from American Federation of Teachers and Mozark Productions. The Committee urges the Commission to take no further action with respect to these matters.

BACKGROUND

The Clinton for President Committee was the primary campaign committee of the Democratic nominee in 1992. As such, the volume of its financial activity was among the highest of any Presidential campaign to date. The Committee made approximately 29,000 disbursements totaling over $40 million and received 241,000 contributions from 181,000 persons. These contributions totaled over $25 million. In spite of this level of activity, after an extensive audit, the Commission was able to allege only a few isolated incidents of possible violations. In fact, none of these alleged violations involve actual contributions, but rather deal only with the timing of payments. This matter treats certain payments to vendors and reimbursements to Campaign staff as prohibited contributions, even though the Committee paid these vendors in full prior to the audit. By pursuing these payments made in full as alleged contributions, the Commission is penalizing the Committee for trying to comply with the law.

In fact, the Committee took special care to implement controls that would ensure that all of its financial and campaign-related activity was conducted in compliance with the law. The fact that the comprehensive review of Committee records revealed only these isolated incidents contained in the Commission's Legal and Factual Analysis (the "Staff Analysis") shows that there was no pattern nor were there any widespread flaws in the Committee's procedures or

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systems.

For the reasons set forth herein, the Committee respectfully requests that the Commission take no further action with respect to these matters.[1]

DISCUSSION

I. Alleged Extensions of Credit Outside the Normal Course of Business

O'Keefe, Ashenden Lyons & Ward

The Commission found reason-to-believe that the Committee violated 441a(f) because O'Keefe, Ashenden, Lyons & Ward ("O'Keefe, Ashenden") allegedly extended credit to the Committee outside their ordinary course of business. This finding is a result of the Staff Analysis' mischaracterization of significant evidence previously submitted. As the Committee already has conclusively demonstrated during the course of the audit process, it did not violate 2 U.S.C. 441a(f) because O'Keefe, Ashenden did not extend credit to the Committee outside their ordinary course of business. The Committee was billed by O'Keefe, Ashenden for $2,240 on March 11, 1992 and $6,418.00 on March 20, 1992. The Committee paid the above-noted invoices on September 8, 1992.

The Committee, in connection with the audit process, has submitted comprehensive and conclusive evidence that all aspects of the Committee's billings were handled by O'Keefe, Ashenden in their normal and ordinary course of business. Specifically, in response to the Interim Audit Report, the Committee submitted an affidavit from a partner at O'Keefe, Ashenden who is familiar with the firm's billing practices, which states that all aspects of the billing and payment were handled within the firm's ordinary course of business. The Final Audit Report noted that the affidavit submitted in response to the Interim Audit Report was not sufficient because the Committee did not supply specific examples of similar types of activity where billings were delayed several months. Accordingly, in response to the Final Audit Report, the Committee submitted voluminous and detailed documentation containing specific examples of O'Keefe, Ashenden billings. This documentation complied specifically with the request made in the Final Audit Report and demonstrated conclusively that O'Keefe, Ashenden handled all aspects of the Committee's billing in a manner consistent with its other clients. This documentation included **forty-five (45) examples of client billings in six (6) different practice areas** where billings were handled in a manner consistent with the Committee's.[2]

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[1]The Committee has responded to most of these issues during the course of its audit. Accordingly, this response incorporates by reference all documentation submitted during the audit process with respect to these matters and in the Committee's submission of February 2, 1995.

[2]These examples of billings and payments are consistent with the time periods for the billing and payment by the Committee; i.e., at the conclusion of the matter and paid approximately six months or more from the

Despite this detailed evidence, the Staff Analysis noted that the Committee's submissions demonstrate only that "O'Keefe, Ashenden has in isolated instances delayed billing or failed to collect on an invoice." Moreover, the Staff Analysis stated that the Committee only submitted "several" examples. This is patently untrue. By submitting 45 examples of similar billing arrangements, the Committee has provided conclusive proof that the practice in question was routine, not isolated. Thus the Committee is at a complete loss as to what proof the Commission requires from a vendor to demonstrate that billing and payment is within the vendor's ordinary course of business. The Committee is confounded by the fact that the Interim Report made one request --which was met-- and the Final Audit Report made another request which also was met.

The Regulations provide only that a vendor demonstrate that the manner in which it handles the billing of a political committee be "within its ordinary course of business." If 45 concrete examples are insufficient to meet this standard, then no vendor-committee relationship can ever satisfy the standard. The Regulations do not require that the billing of a political committee be handled in the same way as each and every client of the vendor's. By characterizing the substantial number of examples submitted by the Committee as "isolated instances," and, therefore, insufficient evidence to show ordinary course of business, the General Counsel's office essentially is requiring that vendors handle all of its billings in the same exact manner. The Commission's position does not reflect the reality of conducting business and is an insurmountable standard for vendors to meet.[3]

All of O'Keefe, Ashenden's practices being questioned are routine and ordinary for them. O'Keefe, Ashenden does bill a substantial number of its clients at the conclusion of the matter and receives payment within a time period comparable to (and often longer) than the Committee's payment. All expenses were billed to the Committee at the same rate as charged to other clients, and there was no discount or reduction in such expenses. In addition, travel expenses were billed and paid in a manner consistent with its treatment of other clients. As a matter of course, the firm incurs travel expenses in connection with client cases and bills the client for such costs at the close of the matter.

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billings. The General Counsel's position that O'Keefe, Ashenden "withheld" bills from the Committee until after the Illinois primary is completely erroneous and misleading. The General Counsel bases this position on a March 20, 1992 invoice cover letter from O'Keefe, Ashenden to the Committee. However, the General Counsel mischaracterizes and misrepresents this letter. The letter was a cover letter for an invoice and stated that O'Keefe, Ashenden was forwarding the invoice pursuant to its arrangement to bill the Committee at the conclusion of the matter. It never stated that any bills were "withheld" nor could it under any reasonable interpretation be interpreted in such a manner. Billing a client at the conclusion of a matter is not only the usual course of business for O'Keefe, Ashenden, but it is the usual course of business for law firms in general.

[3] In fact, law firms do not bill each client in the same manner so it would be impossible for O'Keefe, Ashenden to meet the General Counsel's standard.

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The General Counsel's office further notes that O'Keefe, Ashenden did not engage in any debt collection efforts after the billings. Again, although it is true that O'Keefe, Ashenden did not pursue collection efforts after the billings, this is within its ordinary course of business.[4]

In light of the substantial documentation provided by the Committee that the billings by O'Keefe, Ashenden were within the ordinary course of business, the Committee requests that the Commission take no further action with respect to this matter.

American Federation of Teachers

The Commission found that there is reason-to-believe that the Committee violated 2 U.S.C. 441b by receiving a contribution from the American Federation of Teachers ("AFT") in connection with the costs of a newspaper advertisement. AFT did not make and the Committee did not receive a contribution in violation of 2 U.S.C. 441b.

No contribution occurred because the Committee did not receive anything of value from AFT. Albert Shanker, President of AFT writes a column that appears weekly in the New York Times. AFT purchases the space for this column from Glaberman Design, an independent vendor. AFT is billed monthly for the space costs of the prior month's columns by Glaberman Advertising. The cost of the space is based upon the number of column inches used and thus, varies weekly according to the length of the column. The Staff Analysis contends that AFT advanced the costs of the Shanker column on April 5, 1992 to the Committee when Mr. Shanker used his column to communicate AFT's endorsement of presidential candidate Bill Clinton. At the time of publication, however, AFT had not paid for the use of the space and, thus, no contribution could have occurred.

The parties intended that AFT would bill the Committee as soon as it knew the cost for the column and that the Committee would pay the bill promptly. This billing arrangement is evidenced by the fact that AFT issued an invoice to the Committee on May 14, 1992, within two weeks of its receipt of Glaberman Advertising's invoice and prior to AFT's payment to Glaberman Advertising for this space. As the Committee has provided in its previous audit submissions, a clerical error occurred when AFT issued the invoice.[5] Had there not been a

[4] The Committee fails to see the significance of this statement in light of the fact that the evidence clearly demonstrates that O'Keefe Ashenden, generally, does not actively pursue collection efforts with any clients until after a billing is outstanding for one year or more.

[5] AFT inadvertently listed the payee on the invoice as AFT, not Clinton for President and, as a result, the original invoice dated May 14, 1992 was not properly directed to the Committee's accounting office. As soon as the clerical error was discovered in late January 1993, AFT issued another invoice to the Committee. The new

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mistake in the invoice, the Committee would have paid AFT for the use of the space at the same time that AFT paid Glaberman Advertising. Thus if the billing arrangement had been completed as both the Committee and AFT intended, the Committee would have promptly paid for the column. That fact that an inadvertent mistake occurred in the issuance of the invoice should not transform a permissible transaction into a violation.

Moreover, a contribution occurs only when something of value is received by a committee. The Committee could have obtained comparable space directly through an agency and been billed and paid for the space within a commercially reasonable time. It did not do so directly because Mr. Shanker was using his regular column to exercise his right to free speech, but it was clear that both AFT and the Committee intended that the Committee pay in full for the use of the space.

Further, the Committee's prompt reimbursement for this space is permissible pursuant to 11 C.F.R. 114.9(d). This regulation provides that candidate committees may use labor organization facilities in connection with a federal election as long as the labor organization is reimbursed within a commercially reasonable time. Mr. Shanker's column on behalf of Bill Clinton is clearly the use of facilities within the meaning of this regulation. The column is produced in-house by AFT employees on a regular basis. It has appeared weekly in the New York Times for nearly 25 years and came into existence shortly after the establishment of AFT. It is one of AFT's primary publications and is known to be Mr. Shanker's principal place of communication. Its long term use and intended purpose make the column a labor organization facility.

Consistent with 11 C.F.R. § 114.9(d), AFT's billing was done within a commercially reasonable time. AFT had to wait for the receipt of the invoice from Glaberman Advertising to determine the Committee's portion of the cost for the space before it could bill the Committee. AFT promptly billed the Committee for the space on May 14, 1992 within two weeks of its receipt of the Glaberman Advertising's invoice. And as noted previously, there was an error in the May 14, 1992 invoice which resulted in the failure of the Committee to receive it. As soon as the error was discovered, AFT issued a second invoice to the Committee on February 2, 1993. The Committee paid this invoice on February 18, 1993, within three weeks of its issuance. The combination of the prompt initial invoice and the prompt payment upon actual receipt of an invoice means this transaction was paid for within a commercially reasonable time. Thus, AFT clearly billed and received payment from the Committee for the column space in accordance with 11 C.F.R. 114.9.

Although AFT and the Committee went to great efforts to ensure that no contribution resulted from the Shanker column in the belief that 11 C.F.R. 114.9(d) applied, there is a significant legal question as to whether the Committee was required to pay for the column at

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invoice was dated February 2, 1993 and was paid within three weeks of its issuance

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all. The April 5, 1992 column was used by Mr. Shanker to communicate the AFT's endorsement of presidential candidate Bill Clinton. While the Commission Regulations clearly permit labor organizations to communicate endorsements of candidates through their customary press channels, the Regulations do not clearly delineate how such endorsements may be announced. Since Mr. Shanker's column is his primary method of communication to the press, and an exercise of his free speech, this column was an appropriate and permissible method in which to communicate AFT's endorsement.

The Commission has addressed the issues of candidate appearances and endorsements in numerous rulemaking discussions over the past year or so and, significantly, has acknowledged that there is much uncertainty surrounding the Commission's current policy regarding corporation and labor organization public endorsement of candidates. The draft rules offered by the Office of General Counsel regarding these issues on March 9, 1994 provided two examples of proposed language. *See* FEC Agenda Document #94-11. Since that time, the language for the proposed Regulations has been redrafted several times. To date, the Commission has yet to approve any specific language. The Explanation and Justification accompanying the draft rules offers several alternatives for communicating an endorsement including issuing press releases and holding press conferences. The draft rules also address the appropriate amount of coordination with the candidate's committee when endorsing candidates at public appearances.

To date, the Commission has been itself unable to resolve these rulemaking dilemmas. In light of the ambiguity and uncertainty regarding Commission rules and policy in this area, it is clear that the Regulations in effect during 1992 do not provide sufficient guidance in this area and should not be used as the basis for an enforcement action three years after the fact.

In light of the above circumstances, the Committee requests that the Commission take no further action with respect to this matter.

Manatt, Phelps & Phillips

The Commission found reason-to-believe that the "costs of events at the "Regency Club" appear to be contributions to the Committee in violation of 2 U.S.C. 441a(f). The Committee requests that the Commission take no further action because the Committee did not receive a contribution in violation of 2 U.S.C. 441a(f), since the expenses were paid and billed by Manatt, Phelps & Phillips (Manatt Phelps) within its ordinary course of business in accordance with 11 C.F.R. 116.3.

First, the Commission has erroneously stated the amount of the alleged violation as $14,945.86 because the Commission apparently mistakenly believes that there were two

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Regency Club events.[6] Specifically, the Staff Analysis stated that there were two events -- one on or around April 13, 1992 for a cost of $7,542.93 and a second one on April 23, 1992 for a cost of $7,402.93. However, there was only one event. The Regency Club event was held on March 26, 1992. Therefore, the amount of the alleged violation is $7,402.93, not $14,945.86.

In addition, there was no "contribution" since the billing of the Regency Club event to the Committee represented an extension of credit within the ordinary course of Manatt Phelps' business on terms substantially similar to nonpolitical clients of similar risk and size of obligation.[7] Such services are not unusual at the firm and are a normal component of the services the firm typically provides to its clients. The firm has on numerous occasions hosted events, and then billed them to the client on a subsequent invoice. Numerous Manatt Phelps partners are members of Los Angeles and Washington, D.C. area clubs, and the use of these clubs' facilities for the benefit of the firm's clients is a contemplated reason for joining such clubs.

The luncheon was no different from many other events hosted by partners and charged to the firm. The firm's "extension of credit" to the Committee was, thus, clearly within the "ordinary course of business" of Manatt Phelps.

Moreover, it is clear that neither Manatt Phelps nor the Committee intended to make nor receive a contribution. As is evident from the fact that the expenses were billed and paid in full, both Manatt Phelps and the Committee attempted to comply with the law. As the Manatt Phelps accounting manager, Judi Cunningham, stated in the affidavit provided in response to the Committee's Final Audit Report, "the firm at no time intended to make any political contribution. In fact, the firm took significant pains and the time which was necessary to ensure that all charges incurred at the firm which were allocable to the Committee were included in the firm's bills to the Committee and billed at the appropriate levels. In all this, the Committee was treated no differently than other similarly-situated clients."

In light of the above circumstances, the Committee requests that the Commission take no further action with respect to this matter.

Mozark Productions

The Commission found reason-to-believe that the Committee violated 2 U.S.C. 441b

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[6]The Commission apparently believes this because there were two checks issued to the Regency Club for the event. However, the first check prepared was voided and replaced by the second check.

[7]It is our understanding that the cost of the event was billed to a partner's member account statement. The partner submitted an expense claim to Manatt Phelps accounting department to be charged against the Committee's account.

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by receiving advances for the costs of two Committee fundraisers from Mozark Productions ("Mozark"). The Committee requests that the Commission take no further action with respect to this matter because the costs paid by Mozark were billed to the Committee promptly and the Committee paid Mozark promptly. Clearly, all parties made good faith efforts to comply with the law and there was no intent by Mozark or the Committee to make or receive a contribution.

Linda and Harry Thomason volunteered their personal services in organizing two fundraisers for the Committee held at La Maida House and Sportsmen Lodge. The costs of such events were $3,157.12 and $938.12, respectively. Invoices from the restaurants for the fundraisers were directed to and paid by Mozark Productions[8].

Specifically, payment for the La Maida fundraiser in the amount of $3,157.12 was made by Mozark on October 21, 1991 and Mozark promptly billed the Committee.[9] The Committee promptly paid Mozark on November 18, 1991 -- less than 30 days from Mozark's payment to the vendor and just 34 days from the date of the vendor's invoice. Payment for the Sportsmen Lodge event was made on December 5, 1991, and the Committee was billed promptly. The Committee also paid Mozark promptly on January 2, 1992 -- less than 30 days from payment by Mozark and less than 30 days from the date of the vendor invoice.[10] The Committee did not receive anything of value from the fact that the invoices were not directed to the Committee because it paid the invoices promptly -- within the same time frame that it would have paid the vendor directly. Thus, the Committee did not receive any improper benefit as a result of the payments.

Moreover, based upon the short period of time in which both Mozark billed the Committee and in which the Committee paid the invoices, it is clear that there was no intent by either of the parties to make a contribution and that both Mozark and the Committee made concerted efforts to comply with the law.

In light of these circumstances, the Committee requests that the Commission take no further action with respect to this matter.

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[8]Harry Thomason is the President of Mozark Productions.

[9]The La Maida invoice received by Mozark was dated October 14, 1991. The Sportsmen Lodge invoice received by Mozark was dated December 6, 1991.

[10]By way of comparison, the Regulations permit a committee that receives a questionable contribution check to legally deposit the check into its depository and then, if later found to be a corporate contribution through the treasurer's efforts, allows the committee 30 days in which to refund such amount. 11 C.F.R. 103.3(b).

II. Apparent Excessive Contributions by Committee Staff and Other Individuals

The Commission found that there is reason-to-believe that the Committee violated 2 U.S.C. 441a(f) with respect to alleged excessive contributions received from several Committee staff and individuals. The Audit Division reviewed over $40 million in Committee disbursements and was only able to raise questions regarding reimbursements for 5 individuals: 2 Committee staff (Paul Carey and Harold Ickes) and 3 non-employee individuals (Ken Brody, Erskine Bowles and Shelia Davis Lawrence).

The fact that the Audit Division was able to find only these insignificant number of discrepancies is evidence of the Committee's success in this difficult area. The Committee policy provided that neither staff nor individuals were to advance expenses on behalf of the Committee. The Committee took great efforts to ensure that staff and individuals followed this policy in order to comply with these Regulations which are ambiguous and impractical at best. In light of this, and the fact that the Commission has not pursued violations in this area with other 1992 campaigns despite reason-to-believe findings, it is difficult to comprehend why the Commission chooses to selectively pursue these alleged violations.

For the reasons set forth below, the Committee requests that the Commission take no further action with respect to this matter.

- Many of the expenses incurred by staff persons and reimbursed by the Committee were travel and subsistence expenses -- precisely the type of expenses which are permissible under the staff advance rules.

- Many of the expenses incurred by non-employees were in connection with bona fide fundraising activities by individuals who chose not to accept compensation from the Committee. The Audit Division and General Counsel's office are creating a double standard: permitting reimbursement for paid fundraisers and prohibiting reimbursement for volunteer fundraisers. There is nothing in the current Regulations which requires that a vendor must be volunteering services for which he/she is regularly engaged in for profit in order to incur expenses and receive reimbursement. If the Commission is to enact a new standard, it must do so through the rulemaking process and not through an enforcement action.

- There clearly was a good faith effort by the individuals, staff and the Committee to comply with the Regulations since all expenses were paid in full prior to the Committee's audit.

- Even if there were a technical violation of the Regulations, the Committee should not be penalized because the Regulations are unworkable and impractical. The current application of the Regulations is a logistical nightmare for campaigns. In addition, it

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does not allow volunteers any reasonable possibility for incurring and receiving reimbursement for expenses incurred on behalf of a campaign. Under the current Regulations, as the Commission is attempting to apply them, a volunteer who has contributed the maximum amount to a political committee would be making an excessive contribution when he uses his own pen and notebook to take notes at a committee meeting.

A. Reimbursement to Staff Persons

The Staff Analysis stated that reimbursements to two staff persons: Paul Carey and Harold Ickes in the amounts of $5,358.00 and $8,890.00, respectively were excessive contributions.[11] Under 11 C.F.R. 116.5, these individuals are permitted to incur travel and subsistence expenses on behalf of the campaign and be reimbursed within 30 days if paid by cash and 60 days if paid by the individual's personal credit card. As noted below, in some cases the travel and subsistence expenses were not reimbursed within the 30 or 60 day time standard. However, in all cases the expenses were submitted for reimbursement and were reimbursed in full.

Paul Carey

Mr. Carey was a paid staff person. Some of Mr. Carey's travel and subsistence expenses that were charged to his personal credit card and questioned by the auditors were reimbursed after the 60-day deadline. Although the expenses were reimbursed after the 60-day deadline and may, therefore, be a technical violation, the attempt to comply with the law is evident by Mr. Carey's regular submission of and the Committee's prompt payment of such expenses.

Some of the other expenses questioned by the auditors were incurred for other than personal travel and subsistence. However, many of these were paid on a personal credit card and were reimbursed within 60 days. Thus, Mr. Carey was not out-of-pocket any money prior to reimbursement. In fact, had Mr. Carey made these very same charges on a campaign credit card, no contribution would have resulted.

Most importantly, the Committee paid all of Mr. Carey's expenses in full prior to the audit review. Thus, it is clear that both the Committee and Mr. Carey were attempting to comply with the Regulations and no further action is warranted.

[11] As set forth in the Committee's submission of February 2, 1995, the Committee believes that the amounts of the highest excess amount of advances for Paul Carey and Harold Ickes as determined by the auditors is incorrect.

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Harold Ickes

Similarly, the majority of Mr. Ickes disbursements were for his own campaign travel and subsistence, i.e., taxis and meals. Clearly, both Mr. Ickes and the Committee were attempting to comply with the Regulations as is evident by the Mr. Ickes' submission of receipts and the Committee's prompt payment of the expenses. Again, treating such expenses as excessive contributions would be unfair under the circumstances.

B. Reimbursement to Unpaid Fundraising Vendors

The Commission also has questioned the expense reimbursements of three individuals (Ken Brody, Erskine Bowles and Shelia Davis Lawrence) as violations of 2 U.S.C. 441a(f).[12] Reimbursements to these individuals do not constitute contributions in violation of 2 U.S.C. 441a(f) because these individuals were acting as unincorporated vendors to the Committee pursuant to 11 C.F.R. 116.3.

Under 11 C.F.R. 100.7(b)(3), the value of services provided without compensation by any individual who volunteers on behalf of a candidate or committee is not a contribution. Neither the Act nor the Regulations prohibits vendors from volunteering their uncompensated personal services to a political committee and charging the committee for the actual expenses incurred.[13] The Regulations state only that commercial vendors are "any persons providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services." 11 C.F.R. 116.1(c). The Regulations do not state that services provided in connection with an individual's "usual and normal business" must be those services in which the individual engages for profit.

Each individual in question volunteered his/her uncompensated services to the Committee and billed the Committee for the costs incurred in connection with providing those services to the Committee. Each of the individuals involved has substantial fundraising background and experience, although it may not be his/her current primary occupation.

Although the Regulations state only that an individual's services must be in the "usual and normal business" of the individual, the Commission has erroneously interpreted this to

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[12]The auditors allege that the highest excessive contribution amounts for these individuals were $17,962. (Ken Brody); $10,947 (Shelia Davis Lawrence); and $15,325 (Erskine Bowles).

[13]In fact, the Commission's advisory opinions clearly permit after the fact reimbursement for expenses incurred under such circumstances. See, e.g., AO 1979-22 (permitting presidential campaign to reimburse for the expense incurred by shared counsel in performing non-compliance legal and political services to the campaign.) Similarly, the Commission has permitted reimbursement of costs after the fact to artists volunteering their services in creating artwork for committees. *See* AO 1980-34.

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mean that in order for a volunteer vendor to be able to incur and be reimbursed for expenses by a committee, that volunteer vendor must be providing to the political committee, services that he/she regularly engages in for profit and cannot be providing services which he/she may provide to non-profit or political organizations. This position does not take into account the fact that individuals may perform services for organizations other than those it performs in its primary occupation which are the "normal and usual business" of an individual. Under the Commission's interpretation, in order for a volunteer vendor to be reimbursed for expenses incurred in the course of providing bona fide services to the committee, the vendor must be acting in the exact same capacity as he/she does in his/her paid job. This standard is a legal slippery slope. How does the Commission determine what is considered an individual's "normal and usual business?" What is the "normal and usual business" of individuals with a part-time business, with a major hobby, who are unemployed, who are retired or homemakers?

Example 1: What if a lawyer decides after practicing law for many years to leave the law and follow her dream by opening up a catering business. Although the lawyer's primary occupation is now catering and she loves her new work, she will perform legal work for the committee on an uncompensated basis. What is the individual's "normal and usual business?" That individual is providing bona fide legal services to the committee yet under the Commission's tortured interpretation of the Regulations, the individual could not be reimbursed for any expenses incurred in connection with her work without making a contribution.

Example 2: What if an individual has both a catering business and a part-time law practice -- what is that individual's "normal and usual business?" Is that individual, who is providing legal services on a volunteer basis now permitted to be reimbursed for expenses incurred on behalf the committee without making a contribution.

Example 3: What if an individual formerly employed with a consulting firm as a speech writer and now unemployed (and who has given the maximum allowable contribution to the committee --while employed of course) writes speeches for the committee and in the course of speech writing incurs expenses and is reimbursed by the committee. What is the unemployed individual's "normal and usual business?" Are those reimbursements he received considered excess contributions?

Example 4: What if an individual was formerly employed as a stock broker and is now unemployed but will be performing fundraising services on a part-time to full-time schedule for the committee. What is the individual's "normal and usual business?" Can that individual vendor incur expenses and be reimbursed without making a contribution?

Not only is the Commission's interpretation legally unsound, it does not take into account the reality that it is impossible for any campaign volunteer not to incur some cost

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when providing volunteer services for a committee. For example, if a volunteer uses his/her own pen or pencil to take notes during a fundraising meeting, the volunteer has incurred a cost. The Regulations must allow some reasonable possibility for a volunteer to incur costs and be reimbursed for expenses.[14] There is no logic to permitting entities such as corporations and partnerships to incur expenses on behalf of a campaign as long as such expenses are paid within the vendor's normal course of business or within a commercially reasonable time, but prohibiting volunteers and staff from doing so on a reasonable basis.

Moreover, treating expenses incurred by such unpaid fundraising vendors as contributions is unfair and defeats the true intent of the Act and Regulations. The Act clearly intends to encourage volunteer activity. Therefore, not only is penalizing the Committee and individuals in connection with the individual's volunteer activity contrary to the Regulations, it is directly contrary to Congressional intent to promote volunteer activity.

Finally, equitable principles require that the Commission take no further action with respect to these matters. The Commission has found reason-to-believe but taken no further action against other 1992 presidential committees with respect to this same issue. *See* MUR 3789 (Agran for President) and MUR 3947 (Kerrey for President MUR). In fact, in the Kerrey for President MUR, the treasurer, himself, was one of the individuals who had incurred excessive contributions, unlike this situation, the Kerrey Committee never even fully reimbursed the individuals for the costs they incurred in connection with their campaign activities but rather entered into debt settlement.

As noted above, and acknowledged by the Commission, the Regulations regarding reimbursement to staff and other individuals for expenses incurred in connection with campaign activity are confusing and unworkable. Despite the difficulty in this area, the Committee and its vendors took great pains to comply with the current law. However, the General Counsel and Audit Division's position with respect to the reimbursements of staff and individuals amounts to the creation of a new legal standard -- not based on a reasonable interpretation of the Regulations or a realistic view of campaign operations. The Commission should not adopt this new legal standard through the enforcement process but must do it through the rulemaking process. Accordingly, the Committee request that the Commission take no further action with respect to these matters.

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[14] Certainly, the reimbursement to these volunteer fundraising vendors expenses was reasonable. In fact, the majority of expenses incurred by Ken Brody and Shelia Davis Lawrence as vendors in connection with their work for the Campaign was reimbursed approximately 60 days after they were incurred, certainly within a commercially reasonable time.

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CONCLUSION

For the reasons state herein, the Committee requests that the Commission take no further action.

Respectfully submitted,

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 4172

NAME OF COUNSEL Lyn Utrecht

ADDRESS: Oldaker, Ryan & Leonard
818 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20007

TELEPHONE: (202)728-1010

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. *** **(See additional designated counsel attached.)**

9/26/95
Date

J.L. "Skip" Rutherford as treasurer
Signature

RESPONDENT'S NAME: Clinton for President Committee and
ADDRESS: J.L. "Skip" Rutherford, as treasurer
Post Office Box 2741
HOME PHONE: Little Rock, AR 72203
BUSINESS PHONE: (501)375-1290

9704380030 9

MUR 4172

ADDITIONAL DESIGNATED COUNSEL

Eric F. Kleinfeld
P.O. Box 19300
Washington, D.C. 20036-9300
(202)331-1996

Laura A. Ryan
7 Acorn Lane
Dedham, MA 02026
(617)329-5698

Elizabeth E. Towne
P.O. Box 19300
Washington, D.C. 20036-9300
(202)331-1996

9/26/95
DATE

SIGNATURE

97043800031C

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

1440 NEW YORK AVENUE, N.W.

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

NOV 27 10 20 AM '95

November 22, 1995

VIA FAX AND FIRST CLASS MAIL

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

Attn: Peter Blumberg, Esq.
Andre Pineda, Esq.

Re: MUR 4172 - Mozark Productions, Inc.

Dear Mr. Noble:

This is in response to the Federal Election Commission's ("FEC's" or "Commission's") reason to believe finding against Mozark Productions, Inc. ("Mozark") regarding two fundraisers for the Clinton for President Committee ("Committee"). Specifically, the costs associated with those fundraisers were paid for by Mozark because the vendors sent their bills to Mozark instead of the Committee. There was never any intent to make a political contribution or bestow any benefit on the Committee. Moreover, the Committee promptly reimbursed Mozark for those payments.

Harry Thomason, the President of Mozark, and his wife, Linda Bloodworth-Thomason, volunteered their time to help organize two fundraisers for the Committee in California. One fundraiser was held at the La Maida House and the other at the Sportsmen Lodge. On October 21, 1991, Mozark paid an invoice dated October 14, 1991 from a vendor requesting payment for the costs associated with the La Maida fundraiser and then promptly billed the Committee for this payment. See Attachment. The Committee reimbursed Mozark on November 18, 1991 for its payment of the La Maida invoice. See Attachment. As for the Sportsmen Lodge fundraiser, Mozark paid a deposit of $1,200 to the Sportsmen Lodge on December 5, 1991, of

9704380031 1

which the Sportsmen Lodge retained $938.12 for the fundraiser event and refunded Mozark the remainder. The invoice for the Sportsmen Lodge event was dated December 6, 1991. Mozark promptly billed the Committee for this payment, and the Committee reimbursed Mozark on January 2, 1992. See Attachment.

Mozark paid the invoices at issue because those invoices were sent to Mozark instead of directly to the Committee. Indeed, the Committee reimbursed Mozark within twenty seven (27) days from the date of the original vendor invoice for the Sportsmen Lodge fundraiser and within thirty four (34) days from the date of the original vendor invoice for the La Maida fundraiser. Therefore, the Committee paid for the fundraisers within the same period of time as it would have had if the vendors billed the Committee directly for the fundraisers. Nothing of value was conferred on the Committee. Thus, no contribution was made by Mozark and no violation of law could have occurred. Please note that FEC regulations permit a political committee thirty (30) days to pay back any illegal contributions that it may have deposited. 11 C.F.R. § 103.3. Moreover, the Commission, as a matter of practice, does not take action against committees for the receipt of corporate contributions if refunded within sixty (60) days.

In that no contribution was made, we respectfully request that the Commission dismiss this matter.

Respectfully submitted,

Kenneth A. Gross

Attachments

9704380031 2

CLINTON FOR PRESIDENT COMMITTEE
PHONE (501) 372-1992
P.O. BOX 615
LITTLE ROCK, AR 72203

WORTHEN
NATIONAL BANK OF ARKANSAS
LITTLE ROCK, ARKANSAS 72203

1191

81-7/820

CHECK NO.	DATE	AMOUNT
1191	11-18-91	3,157.12

PAY Three thousand one hundred fifty seven and 12/100's

TO THE ORDER OF
Mozark Productions
Attn: Carol Schwarz
4000 Warner Blvd.
Producer's 8, Room 143
Burbank, CA 91505

TWO SIGNATURES FOR AMOUNTS OVER $2,000

⑈001191⑈ ⑆082000073⑆008941⑈326⑈5⑈

970438003 13

CLINTON FOR PRESIDENT COMMITTEE
LITTLE ROCK, AR 72203

DETACH AND RETAIN THIS STATEMENT
THIS ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT, PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
11-18-91	Expenses per receipt for Clinton Fundraiser La Maida House 9/13/91	3,157.12

CONTROL NO.

REF. NO.	YOUR INV. NO.	INV. DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN	NET CHECK AMOUNT

CLINTON FUNDRAISER - 10/13/91 - TO BE REIMBURSED BY THE CLINTON COMMITTEE

970438003314

CONTROL NO.	CHECK DATE
	10/21/91

MOZARK PRODUCTIONS
10732 RIVERSIDE DRIVE
NORTH HOLLYWOOD, CALIFORNIA 91602

90-2505
1221

CHECK NO. 035259

CHECK AMOUNT
$3,157.12

THREE THOUSAND ONE HUNDRED FIFTY-SEVEN DOLLARS AND 12/100----------

MERCANTILE NATIONAL BANK
1840 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067

PAY TO THE ORDER OF
La Maida House
11159 La Maida Street
N. Hollywood, Ca. 91601

CLINTON FUNDRAISER OF 10/13/91

Leonard Silverman

⑈035259⑈ ⑆122239050⑆ 002⑈401974⑈

114409

statement carbonless DUP

STATEMENT

La Maida House

11159 La Maida Street
North Hollywood, California 91601
Telephone (818) 769-3857

DATE 10 / 14 / 1991

TO MOZARK PRODUCTIONS

ADDRESS 4000 WARNER BLVD. PRODUCERS 8, Room 143

CITY BURBANK STATE CA ZIP 91505

		CLINTON FUNDRAISER 10/13/91				
	125	FOOD AT $14.00 PER PERSON				1,750.00
		8¼% SALES TAX				144.38
	8	(8) WAITRESSES				475.00
	1	MAINT. MAN				175.00
	1	KITCHEN HELP				50.00
	350	LBS ICE				60.62
	20%	SERV. CHARGE				502.12
		(EXCLUDES PROP RENTAL & TAX)				
					#	3,157.12

REDIFORM. RS 882
POLY PAK (50 SETS) RP882

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CLINTON FOR PRESIDENT COMMITTEE

5201

Date 01/02/92

MOZARK PRODUCTIONS

Invoice	Inv. Date	Inv. Amt	Disc/Fin	Prev Pmts	Due	Amt. Paid
120591	12/06/91	938.12			938.12	938.12
Total		938.12			938.12	938.12

9704380003316

CLINTON FOR PRESIDENT COMMITTEE
P.O. BOX 615
LITTLE ROCK, AR 72203

WORTHEN
NATIONAL BANK OF ARKANSAS
LITTLE ROCK, AR 72203
81-7-820

5201

01/02/92 $**********938.12
DATE AMOUNT

***** Nine Hundred Thirty Eight Dollars and Twelve Cents

THE ER

MOZARK PRODUCTIONS
4000 WARNER BLVD.
PRODUCER'S 8, ROOM 143
BURBANK, CA 91505

TWO SIGNATURES REQUIRED IF OVER $2000.00

W. Dan Walsh

⑈005201⑈ ⑆082000073⑆ 008946⑈326⑈5⑈

RE: CLINTON FUNDRAISER

12/5/91

MOZARK PRODUCTIONS
10732 RIVERSIDE DRIVE
NORTH HOLLYWOOD, CALIFORNIA 91602

90-3905
1222

CHECK NO 035447

ONE THOUSAND TWO HUNDRED DOLLARS AND NO/100---------- $1,200.00

SPORTSMAN'S LODGE RESTAURANT
Catering Sales Office
12833 Ventura Boulevard
Studio City, Ca. 91604

MERCANTILE NATIONAL BANK
1840 CENTURY PARK EAST
LOS ANGELES, CALIFORNIA 90067

⑈035447⑈ ⑆122239050⑆ 002⑈401971⑈

9704380003317

SPORTSMEN'S LODGE BANQUET ROOMS
12833 Ventura Boulevard, Studio City, CA 91604

Room #: GARDEN ROOM
Party: MOZARK PRODUCTIONS
Host: MS. ADRIANN CROW
Address: 4000 WARNER BLVD BLDG. RM 1 #6
BURBANK, CA 91505

Banquet #: 8189544094
Date: 12/6/91D-FRI
Telephone #: 954-4094
Service Charge: 17% / Sales Tax: 8.25%
Catering Mgr: DH

# OF GUESTS	BREAKFAST	LUNCHEON	DINNER	QTY.	PRICE	TOTAL
ENTREE 1.						
2.						
3.						
HORS D'OEUVRES PER-PERSON				60	10.00	600.00
COFFEE PER GALLON				2	20.25	4050
CELEBRATION CAKE/CAKE CUTTING						—
BAR HOSTED						
BEVERAGE (CASH & CARRY)						
QUIK BAR						
ASSORTED SOFT DRINKS EACH				46 non	1.70	7820
WINE PER BOTTLE/CARAFE					8.75	—
CHAMPAGNE PER BOTTLE						—
CHAMPAGNE PUNCH/PUNCH BOWL						
CLUB SODA P-DRINK				11	2.00	22.00
CORKAGE						
CRYSTAL GEYSER PER-BOTTLE					2.00	
TOTAL FOOD AND BAR						$ 74070
SERVICE CHARGE				12592		$ 12592
OTHER CHARGES - TAXABLE						
ROOM RENTAL						
EQUIPMENT/FLOWERS						
BARTENDER'S CHARGE						
TOTAL BALANCE & OTHER TAXABLES						$ 86662
SUB TOTAL						$
STATE SALES TAX						$ 7150
OTHER CHARGES - NON TAXABLE						
ROOM RENTAL						
PARKING						
RABBINICAL						
TOTAL CHARGES						$ 93812
LESS: DEPOSIT						$ 67000
BALANCE DUE						$
LESS: BAR DISCOUNTS						$
LESS: PAYMENTS CHECK/CASH						$
TOTAL PAYMENTS AND BAR DISCOUNTS						$
BALANCE DUE Deposit						$ 26188

PAYABLE UPON RECEIPT

9704380031 8

PATRICIA ANN FIORI
ATTORNEY AT LAW

(304) 725-8231
DC BAR ONLY

POST OFFICE BOX 8
CHARLES TOWN, WV 25414

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
Nov 24 11 12 AM '95

November 20, 1995

RECEIVED
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OFFICE OF GENERAL
COUNSEL
Nov 24 11 39 AM '95

Peter G. Blumberg, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

RE: MUR 4172
Response and
Responses to Subpoena to Produce Documents
and Order to Answer Questions

Dear Mr. Blumberg:

The Response of O'Keefe Ashenden Lyons & Ward to the Commission's reason to believe finding was mailed to your office today by registered mail. I am enclosing with this letter a second copy which will be sent by regular mail. In addition, Responses to the Commission's Subpoena and Order have been mailed under separate cover.

Please call me if you have any questions. I look forward to and early resolution of this MUR.

Sincerely,

Pat Fiori

Patricia Ann Fiori

9704300319

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	)	
	)	MUR 4172
O'Keefe Ashenden	)	
	)	
Lyons & Ward	)	

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 24 11 39 AM '95

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RESPONSE OF O'KEEFE ASHENDEN, LYONS & WARD

INTRODUCTION

This MUR stems from the Federal Election Commission's Audit Report of the Clinton for President Committee for the 1992 Presidential primary campaign. That Report concluded that O'Keefe, Ashenden, Lyons & Ward, a Chicago law firm, may have made a contribution to the Clinton campaign by incurring expenses on behalf of the Committee without obtaining sufficiently prompt reimbursement. Kevin M. O'Keefe, a partner in the firm, served as a volunteer with the Committee during the Illinois Presidential primary campaign.[1] The expenses in question were incurred in the course of Mr. O'Keefe's volunteer activities. O'Keefe Ashenden billed the Committee for all expenses it incurred on behalf of the campaign ($2249.08) on March 11, 1992 and the Committee in turn paid the full amount billed on September 8, 1992, three years before the commencement of this MUR.

The Commission found reason to believe that O'Keefe Ashenden may have violated the contribution limitation at 2 U.S.C. §441a (a) (1) (A) because the firm allegedly extended credit to the Committee outside the ordinary course of business. The Commission's finding was based on

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[1]The Commission's Legal and Factual Analysis, p. 3, refers to "Michael O'Keefe". Presumably, this is an error.

the fact that O'Keefe Ashenden accumulated expenses for six months prior to billing the Committee and did not receive payment from the Committee until six months after billing.

This response conclusively demonstrates that O'Keefe Ashenden did not violate any provision of the Federal Election Campaign Act. The firm handled the Committee's billing in the same manner that it handled billing for all other clients. A six month time frame for billing a client, coupled with a six month delay in payment of the bill is reasonable under O'Keefe Ashenden's customary practices, especially in light of the small amount involved -- $2240.08.

O'Keefe Ashenden has devoted many hours to responding to the Audit Report, filing this response and complying with the Commission's Subpoena to Produce Documents and Order to Submit Written Answers. The Commission's Subpoena and Order are burdensome, requiring information that has taken many hours of attorney and staff time to prepare. This transaction has generated a blizzard of paper -- a potential violation involving $2240.08 simply does not merit the extensive amount of time, energy and expense that the Commission and O'Keefe Ashenden have devoted to this matter. O'Keefe Ashenden requests that the Commission take no further action and close the file on this MUR.

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I. FACTUAL AND LEGAL ANALYSIS

A. TOTAL AMOUNT OF REIMBURSEMENT INVOLVED IN THIS MUR IS $2,240.08

O'Keefe Ashenden actually paid a total of only $2240.08 in expenses on behalf of the Committee, not $8657.56 as alleged in the Audit Report. Although a total of $8657.56 was billed to the Committee by Mr. O'Keefe, O'Keefe Ashenden's invoice, dated March 11, 1992, was for only $2240.08 for expenses that it actually incurred on behalf of the Committee. Mr. O'Keefe personally billed the Committee in a statement dated March 20, 1992 for $6417.48, representing

the amount of expenses he incurred on behalf of the Committee and transmitted this statement with his March 20, 1995 cover letter. Thus, the following three documents are at the core of this MUR:

1. March 11, 1992 statement on O'Keefe Ashenden letterhead for $2,240.08 detailing firm expenses;

2. A cover letter dated March 20, 1992 from Mr. O'Keefe to the Committee stating "Enclosed is a list of expenses I have incurred to date...[which expenses] I am forwarding to you now that the Illinois primary is completed"; and

3. March 20, 1992 statement on plain paper without letterhead for $6417.48 detailing Mr. O'Keefe's personal expenses.

When this transaction was first questioned by the Audit Division, J. Michael Heaton, a Managing Partner in O'Keefe Ashenden, submitted an affidavit explaining the billing. On the basis of information available to him at that time, it apparently appeared to Mr. Heaton that O'Keefe Ashenden had incurred all of the $8657.56 in expenses on behalf of the Committee. In preparing for this response, O'Keefe Ashenden has discovered that its initial conclusion was not sufficiently precise. In fact, the firm incurred only $2240.08 in expenses on behalf of the Committee. These expenses were listed on the March 11 statement, which was on O'Keefe Ashenden letterhead. The March 20 statement for $6417.48, transmitted with Mr. O'Keefe's March 20 cover letter, was actually for expenses incurred by him personally.

As Kevin M. O'Keefe stated in his cover letter, "Enclosed is a list of expenses I (emphasis added) have incurred to date." The cover letter specifically referred only to Mr. Kevin M. O'Keefe's list of expenses typed on plain paper bearing no letterhead. The Committee added the March 11 and March 20 statements together and issued a check to O'Keefe Ashenden for the full amount on September 8, 1992, (with the Committee noting on its check stub that two separate invoices had been submitted on two separate dates).

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When O'Keefe Ashenden received payment for the full amount from the Committee, the firm then immediately issued a check to Mr. Kevin M. O'Keefe for $6417.48.[2] Thus, in reality, O'Keefe Ashenden incurred only $2240.08 in expenses on behalf of the Committee, not $8657.56 as originally assumed.

This confusion has led to an additional incorrect conclusion by the Commission. The Factual and Legal Analysis prepared by the Commission states that "...travel expenses of David Axelrod, a committee political consultant...were paid out of the law firm's accounts. In reality, Mr. Axelrod's travel expenses appear on the March 20, 1992 list of expenses which Mr. O'Keefe personally incurred. Thus, the travel expenses of Mr. Axelrod were not paid from law firm accounts, but by Mr. O'Keefe personally. (A similarly incorrect statement appears at Factual and Legal Analysis, p.5.)

Finally, it is important to note that under firm policy, Mr. O'Keefe himself was ultimately personally liable for the expenses incurred by the firm on behalf of the Committee. It is the practice at O'Keefe Ashenden that each partner carry his or her client's expenses as a charge against that partner's individual partnership account. Any uncollected expenses are charged against and reduce the compensation solely of the partner responsible for the particular client. Thus, had O'Keefe Ashenden's bill to the Committee remained unpaid, Mr. O'Keefe's individual partnership account would have been charged for the outstanding amount. Mr. O'Keefe was ultimately personally responsible for the expenses incurred by the firm on behalf of the Committee. See attached Responses to Subpoena to Produce Documents (herein after referred to as Responses to Subpoena), Question 3.

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[2]Copies of all checks appear at Exhibit 1 to attached Responses to Subpoena to Produce Documents and Order to Submit Written Answers.

B. BILLING AND REIMBURSEMENT WERE IN THE ORDINARY COURSE OF BUSINESS AND COMMERCIALLY REASONABLE

The Commission's Factual and Legal analysis cites two separate regulatory provisions as the basis for its reason to believe finding. The first, 11 C.F.R. §116.3, requires any extension of credit by a commercial vendor to a political committee to be made "in the ordinary course of business." The second, 11 C.F.R. §114.9, requires "commercially reasonable" reimbursement when corporate facilities are used for campaign activity. While it is not clear which standard the Commission is applying to which transaction in this MUR, O'Keefe Ashenden definitely complied with both standards.[3] Thus, regardless of which standard is used, O'Keefe Ashenden fully complied with the Federal Election Campaign Act.

1. EXTENSION OF CREDIT WAS IN THE ORDINARY COURSE OF BUSINESS

Commission Regulations at Section 116.3 (c) permit commercial vendors to extend credit to a political committee, provided that the credit is extended in the ordinary course of the vendor's business and the terms are substantially similar to extensions of credit to nonpolitical entities of similar risk for obligations of similar size. 11 C.F.R. §116.3 (a) and (b). Section 116.3 (c) lists two factors relevant to the instant MUR to be used by the Commission in determining whether credit was extended in the ordinary course of business: (1) whether the vendor followed established procedures and past practice in approving the extension of credit; and (2) whether the extension conformed to the usual and normal practice in the vendor's trade or industry.

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[3]In past rulings involving similar facts, the Commission has on some occasions applied the "commercially reasonable" standard of 11 C.F.R. §114.9 thereby treating the situation as a use of corporate facilities and on other occasions treated the situation as an extension of credit applying the "ordinary course of business" standard.

a. O'KEEFE ASHENDEN FOLLOWED ITS PAST PRACTICE AND PROCEDURES

O'Keefe Ashenden followed its past practice and established procedures in handling expenses incurred on behalf of the Committee. For many years, the customary firm practice has been for each partner to be responsible for billing services and expenses for his or her own clients. In keeping with that practice, Mr. O'Keefe was responsible for billing expenses incurred by the firm on behalf of the Committee. See attached Responses to Subpoena, Question 3.

The vast majority of O'Keefe Ashenden clients are billed at the conclusion of a matter. Clients are typically billed on an annual or semi-annual basis. Even those clients who request more frequent billing are encouraged to wait until the completion of the matter. This billing procedure in an outgrowth of real estate tax practice which accounts for about one half of the firm's clientele. See attached Responses to Subpoena, Questions 9 and 10, and Affidavit, dated May 26, 1994, of J. Michael Heaton, (hereafter referred to as Heaton Affidavit) par. 5.

O'Keefe Ashenden has submitted numerous examples as evidence that its past practice and established procedures have been to accumulate fees and expenses for several months before billing. Some of these examples include:

-- December 30, 1994 Statement billing $145,773.75 in services and $19,995.82 in expenses incurred during six months beginning July 1, 1994 (Heaton Affidavit, January 19, 1995, Ex. F)

-- January 13, 1995 statement billing $112,728.75 for services and $13,080.76 in expenses incurred during six months beginning June 1, 1994. (Heaton Affidavit, January 19, 1995, Ex. E)

-- December 14, 1994 Statement billing $44,202.50 for services and $4,862.01 for expenses incurred in nine months beginning February, 1994 (Responses to Subpoena and Order, Exhibit 12).

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O'Keefe Ashenden has by now submitted dozens of examples of billings which were sent to clients at the conclusion of a project, most of them several months in length. Indeed, O'Keefe Ashenden currently has over $41,000.00 in expenses which were incurred over six months ago but remain unbilled (with more than $22,000 of those expenses remaining unbilled for over one year). These examples are clearly not isolated instances as the Commission states, but rather indicate that it is the normal practice for O'Keefe Ashenden to bill expenses incurred on behalf of a client several months later.

Also in accordance with the past practice and established procedures of O'Keefe Ashenden, the firm did not request payment from the Committee during the six months in which the statement remained unpaid. Prior to 1995, O'Keefe Ashenden rarely sent rebilling notices to clients. On average very few past due notices were sent for unpaid bills during 1991 through 1994, with fewer than 5% of the firm's clients receiving past due notices. Indeed, O'Keefe Ashenden has presented numerous examples of statements which have gone unpaid for several months without request for payment (See Response to Subpoena and Order, Exhibits 9, 12 and 13.)

The evidence presented by O'Keefe Ashenden clearly establishes that the firm has routinely extended credit to clients and refrained from debt collection. Thus, O'Keefe Ashenden followed its past practice and procedures in handling expenses incurred on behalf of the Committee, especially considering the relatively small amount involved. That amount - $2240.08 - is far smaller than many outstanding bills owed the firm.

b. O'KEEFE ASHENDEN CONFORMED TO USUAL AND NORMAL PRACTICE FOR SMALL LAW FIRMS

O'Keefe Ashenden's extension of credit to the Committee conformed to the usual and normal practice of small law firms. An article in Lawyers Weekly, December 5, 1994, portrays small law firms as lacking formal billing procedures, billing clients sporadically, and failing to follow up on non-paying clients. (Responses to Subpoena, Question 11 and Exhibit 6.) The extension of credit

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involved in this MUR conformed to the usual and normal practice in O'Keefe Ashenden's "trade or industry".

The voluminous information presented by O'Keefe Ashenden in its earlier Affidavits and Exhibits, as well as the information submitted in Responses to the Commission's Subpoena and Order clearly demonstrate that O'Keefe Ashenden extended credit to the Committee in the ordinary course of its firm's business under terms substantially similar to those given other clients of similar risk with obligations of similar size.

C. REIMBURSEMENT OCCURRED WITHIN A COMMERCIALLY REASONABLE TIME AT NORMAL CHARGE

Under Commission regulations at Section 114.9 (a) (2), when a stockholder or employee, as an individual volunteer, uses corporate facilities for federal campaign activity, that stockholder or employee is required to reimburse the corporation within a commercially reasonable time for the usual and normal charge. The Commission in past rulings has applied this regulation by analogy to use of law firm facilities where the law firm is an unincorporated partnership.

1. O'KEEFE ASHENDEN OBTAINED REIMBURSEMENT WITHIN A COMMERCIALLY REASONABLE TIME.

As explained above, the Committee reimbursed O'Keefe Ashenden within six months of incurring the final expense. The time frame for this reimbursement was within the ordinary course of business for O'Keefe Ashenden and therefore was also commercially reasonable.

2. O'KEEFE ASHENDEN OBTAINED REIMBURSEMENT AT THE USUAL AND NORMAL CHARGE.

O'Keefe Ashenden billed the Committee for the full actual cost incurred by the firm for expenses

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made on behalf of the Committee. Thus, reimbursement was at the usual and normal charge.

D. DISMISSAL WARRANTED ON BASIS OF EVIDENCE PRESENTED AND PAST COMMISSION RULINGS

The Commission in its Audit Report concluded that O'Keefe Ashenden had not supplied specific examples of billings which were delayed several months (Audit Report, p.29) In response, O'Keefe Ashenden submitted numerous examples of such billings (Heaton Affidavit, January 19, 1995). The Commission then characterized these examples as "isolated instances" of delayed billings (Factual and Legal Analysis, p.5). O'Keefe Ashenden has now added many more examples as Exhibits to the attached Responses. What more evidence could the Commission possibly want? The evidence presented by O'Keefe Ashenden clearly establishes that the firm's dealings with the Committee were handled in the ordinary course of business and in a commercially reasonable manner.

Several statements made in Commission documents are incorrect. These incorrect statements have led the Commission to misconstrue evidence presented by O'Keefe Ashenden. The Factual and Legal Analysis accompanying the Commission's reason to believe finding states that O'Keefe Ashenden agreed to "withhold" all bills for expenses until the end of the Illinois Democratic Primary (Factual and Legal Analysis, August 28, 1995). This statement is untrue. The Commission misinterpreted Mr. O'Keefe's March 20, 1995 cover letter to the Committee stating "Pursuant to our agreement, I am forwarding [the expenses] to you now that the Illinois Primary is completed." This statement does not indicate any agreement to "withhold" billing, but rather, in keeping with O'Keefe Ashenden billing practice, indicates an agreement to bill at the conclusion of the project on which Mr. O'Keefe was working for the Committee. The Commission's analysis thus misconstrues Mr. O'Keefe's letter.

The Factual and Legal Analysis characterizes earlier submissions by O'Keefe Ashenden as

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demonstrating that the firm "has in isolated instances delayed billing or failed to collect on an invoice." O'Keefe Ashenden's January 19, 1995 submission was voluminous and presented numerous instances of billing at the conclusion of a project. While O'Keefe Ashenden has on occasion failed to collect on an invoice, such failures are not relevant here as the Committee fully paid its bill within six months. The point of the earlier O'Keefe Ashenden submissions was to demonstrate that the firm does not routinely send out notices when a bill remains unpaid for as little as six months.

In past MURs, the Commission has generally dismissed matters involving extensions of credit for relatively small amounts which remained outstanding for approximately 6 months to one year. In MUR 2280, a corporation billed a candidate for use of its facilities on a yearly basis. The total amount involved was $3600. The Commission found that this extension of credit presented no violation. Similarly, in MUR 1349, more than $18,000 in fundraising costs were advanced to a Committee and were not fully reimbursed for 7 months. The Commission found that the advance did not violate contribution limits. Finally, in Advisory Opinion 79-22, the Commission issued an opinion concerning the use of law firm facilities by an attorney simultaneously employed by the firm and a Presidential campaign. The Commission advised that an in-kind contribution would not result if the Committee reimbursed the firm for costs such as copying, telephone, and messenger service. O'Keefe Ashenden has done just that - it kept track of expenses owed to the firm by the Committee, it billed the Committee for those expenses and it received full reimbursement from the Committee.

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CONCLUSION

This enforcement action concerns $2240.08 in expenses which were incurred between October, 1991 and March 1992. These expenses were fully reimbursed to O'Keefe Ashenden in September, 1992, over two years before the Commission issued its Audit Report and over three

years before the Commission's reason to believe finding. O'Keefe Ashenden has conclusively demonstrated that no violation of the Federal Election Campaign Act has occurred and urges the Commission to close the file on this MUR.

Respectfully submitted,

Patricia Ann Fiori

Patricia Ann Fiori
P.O. Box 8
Charles Town, WV 25414

November 20, 1995

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 4172
	)	
O'KEEFE, ASHENDEN, LYONS & WARD	)	
	)	
Respondent's Counsel:	)	
Patricia Ann Fiori, Esq.	)	BULK FILE
P. O. Box 8,	)	
Charles Town,	)	
West Virginia 25414	)	
304/725-8231		

RECEIVED
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COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 27 12 21 PM '95

RESPONSES OF
O'KEEFE, ASHENDEN, LYONS & WARD
TO
SUBPOENA TO PRODUCE DOCUMENTS
AND
ORDER TO SUBMIT WRITTEN ANSWERS

The firm of O'Keefe Ashenden, Lyons & Ward ("O'Keefe Ashenden") submits, in response to the Subpoena to Produce Documents and Order to Submit Written Answers (the "Subpoena"), the following information and enclosed documents.

Introduction

The documents requested by the Commission in its "Request for Production of Documents" for the most part do not exist. O'Keefe Ashenden *does not* maintain any lists providing percentage analyses of clients and therefore does not have the particular documents requested by the Commission in the Subpoena at questions 6 through 10.

An attempt to generate such documents which do not now exist, would effectively require the firm to stop doing business for an extended period of time. Its accounting personnel (only two employees) and each billing partner (i.e. with a few exceptions, most partners individually do their own, separate billing for work done by them or by others for their clients) would have to then make an extensive, laborious and detailed historical review of original documents and files mostly not even on premises (i.e. files which would have to be retrieved from the records management archival service which O'Keefe Ashenden uses), which documents do not themselves record information such as that sought by the Commission but instead would have to be examined and interpreted and categorized according to the Commission's descriptions. They would have to do all of this in the midst of the press of current urgent representation for O'Keefe Ashenden's clients involving serious matters with due dates and deadlines which cannot be ignored without jeopardizing the interests of the numerous clients involved.

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The subpoena Instructions stated that "*[i]f you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder.*" In keeping with those instructions, O'Keefe Ashenden has attempted herein to respond to the best of its ability to the specific document requests and interrogatories of the Commission.

O'Keefe Ashenden also invites the Commission's attention once again to the Exhibits attached to the January 1995 "AFFIDAVIT OF J. MICHAEL HEATON, ESQ, IN SUPPORT OF HIS AFFIDAVIT OF MAY 26, 1994," consisting of 153 pages broken down into seven group exhibits (Exhibits A - F) detailing thirteen typical, individual billing examples, some of far greater magnitude than the amount billed in the March 11, 1992 O'Keefe Ashenden statement to the Committee (i.e. *$2,240.08*) (see **Exhibit 1** hereto). Also attached as Exhibit G thereto, was a complete listing of all of O'Keefe Ashenden's unbilled expenses as of the end of December 1994 - totaling some $93,611.15 (with $23,642.00 being unbilled for more than six months). While the Commission's "FACTUAL AND LEGAL ANALYSIS" attached to the subpoena characterized this material as merely "demonstrat[ing] that O'Keefe Ashenden has in *isolated instances* delayed billing or failed to collect on an invoice [emphasis added]," O'Keefe Ashenden herein submits that *those* exhibits, as well as the material submitted *herewith*, should instead demonstrate to the Commission that O'Keefe Ashenden's normal and customary practice is most often not to bill until at the conclusion of a matter and not to aggressively collect on services or expenses rendered to or incurred on behalf of its clients, and that it is evident that O'Keefe Ashenden does so in the "ordinary course of business with respect to credit extension and debt collection."

Furthermore, and as an update to that material submitted back in January 1995, we attach our schedule of *"Unbilled Client Costs"* as of the end of October 31, 1995 as **Exhibit 2** hereto. As of the end of October of this year, O'Keefe Ashenden has $95,789.56 in expenses incurred on behalf of clients not only outstanding but also *unbilled*. Of that amount, $22,732.17 represents expenses unbilled for *over one year*. Among those expenses over one year old are amounts in the neighborhood of the March 11, 1992 statement to the Committee (which, again, was in the amount of *$2,240.08*), i.e. **Exhibit 2**, p.2 - *$2,360.62* [17 months] and *$1,689.93* [16 months]. **Exhibit 2**, hereto, alone shows that O'Keefe Ashenden routinely extends credit and customarily refrains from debt collection in amounts similar to that in question here and certainly as in the "ordinary course" of O'Keefe Ashenden's business on a great range of expenses.

This, and the other information gathered by the O'Keefe Ashenden firm and presented here and in previous submittals, represents intensive and costly efforts of those partners who in particular are involved in the actual billing of clients, and extensive work of numerous staff personnel (and some former staff). While not generally within the categories of documents requested, O'Keefe Ashenden has assembled such information as we thought might prove helpful in further portraying its business practices (which are not untypical of the "small" law firm - see response to Request for Production of Documents, paragraph 11, below). Those people gleaned such pertinent data as they reasonably could from available records and personal recollection.

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"Request for Production of Documents"

(1) all vendor statements, invoices or other documents that detail the amounts billed to the Committee, candidate, or agents thereof, and the payments received from the same, relating to services provided by, or through, O'Keefe Ashenden.

(1). All such documents in the possession of O'Keefe Ashenden have been produced (copies enclosed herewith as group **Exhibit 1**) in response to this paragraph. They are as follows:

- A copy of a statement enumerating certain items, dated March 11, 1992 indicating

  TO COSTS INCURRED ON BEHALF OF:
  "CLINTON FOR PRESIDENT"
  Headquarters - 134 North LaSalle Street
  Chicago, Illinois 60602

  for a total of $2,240.08. This statement represents the total disbursements made and billed by O'Keefe Ashenden to the Committee.

- A copy of a cover letter of March 20, 1992 of Kevin M. O'Keefe to

  Mr. David Wilhelm
  Clinton for President
  1220 West Third Street
  Little Rock, Arkansas 72201

  stating, *inter alia*, that "Enclosed is a list of expenses which *I have* incurred to date."

- A copy of a statement enumerating certain other items, without evident date (but apparently sent as the enclosure to the cover letter of March 20, 1992 - see below), for a total of $6,417.48. This evidently represents expenses incurred by Kevin M. O'Keefe personally and billed by him to the Committee.

- A copy of the O'Keefe, Ashenden record copy of the March 11, 1992 invoice recording O'Keefe, Ashenden check no. 2352 issued to its "CFA" ["Client Funds Account"] on September 29, 1992.

- A copy of the O'Keefe, Ashenden check book stubs as to checks issued on 9/28/92 from its "Client Funds Account" in reference to "Dep. Clinton Check 8657.56," for O'Keefe Ashender. firm check no. *2352* payable to O'Keefe, Ashenden etal. for "*Partial Proceeds Client Check - Clinton*" for *$2,240.08* and O'Keefe Ashenden check no. *2353* payable to Kevin M. O'Keefe for "*Balance Proceeds Client Check - Clinton*" for *$6,417.48*.

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- A copy of the *Clinton for President Committee* (Little Rock Arkansas) check no. *13156* drawn on Worthen National Bank (Little Rock, Arkansas) dated 9/8/92 and stub indicating on the *stub* as follows:

	Inv. Number	Inv. Date	Inv. Amount	Amount Paid
1151	031192	03/11/92	2,240.08	2,240.08
TRX DESCRIPTION: Headquarters—Chicago Expense				
2331	032092	03/20/92	6,417.48	6,417.48
TRX DESCRIPTION: Expense				

but indicating on the check itself that it was issued 9/8/92 as payable to

O'Keefe Ashenden Lyons & Ward
30 North LaSalle
Suite 4100
Chicago, IL 60602

and in the amount of *$8,657.56*.

- A copy of the O'Keefe Ashenden ledger page for its "CFA" [Client Funds Account] indicating a 9/28/92 deposit of a check no. *13156* for *$8,657.56* resulting in a balance in that amount, and the issuance of check no. *2352* for *$2,240.08* to O'Keefe Ashenden and check no. *2353* for *$6,417.48* to Kevin M. O'Keefe, with a resulting balance of *0*.

- A copy of the front and back of the canceled O'Keefe Ashenden check no. 2353 dated 9/28/92 payable to *Kevin M. O'Keefe* in the amount of *$6,417.48*, with the signature *"Kevin M. O'Keefe"* and bank endorsements on the back.

- A copy of the front and back of the canceled O'Keefe Ashenden check no. 2352 dated 9/28/92 payable to *"O'Keefe, Ashenden, Lyons & Ward"* in the amount of *$2,240.08*, with the stamped *"O'Keefe, Ashenden, Lyons & Ward"* and bank endorsements on the back.

(2) identify the person or persons most familiar with the goods or services provided by O'Keefe Ashenden to the Committee, the candidate, or agents, thereof;

(2). Kevin M. O'Keefe - see also Response to No. 3 immediately below.

(3) identify the person or persons most familiar with the billing procedures relevant to the provision of goods or services provided

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by O'Keefe Ashenden to the Committee, the candidate, or agents thereof;

(3). Kevin M. O'Keefe. The long-standing general billing practice of O'Keefe Ashenden is that each partner is personally responsible for billing his or her clients' cost or expense disbursements, with each partner carrying such disbursements as a charge against their individual partnership account until said disbursements are billed by the partner and collected from the client and, if billing or collection on such disbursements is delayed in any way, such unbilled or uncollected disbursements reduce the compensation solely of the partner incurring the expense charge against their own account. The Committee was the "client" of Kevin M. O'Keefe and thus, in keeping with O'Keefe Ashenden's usual practice, it was he who was charged for any expenses incurred by him therefor and for any disbursements made in relation thereto, and it was he who was responsible for the accounting for, and the billing and the collection thereof. As indicated by the documents produced in response to Request for Production of Documents, paragraph 1, the amount allocable to the O'Keefe Ashenden firm was only *$2,240.08*. Kevin M. O'Keefe billed the Committee for *$6,417.48* of personal expenditures.

(4) identify the person or persons most familiar with the billing procedures of O'Keefe Ashenden in general;

(4). Managing partners — J. Michael Heaton and Daniel W. Coyne.

(5) list all disbursements made from O'Keefe Ashenden accounts on behalf of the committee, the candidate, or agents thereof;

(5). To our knowledge, all such O'Keefe Ashenden disbursements are reflected in the aforesaid statement of March 11, 1992, totaling *$2,240.08*.

(6) list the percentage of all O'Keefe Ashenden clients who pay retainers or deposits to O'Keefe Ashenden for goods or services prior to receiving such goods or services, and provide documentation supporting such a percentage;

(6). O'Keefe Ashenden has no lists or records such as described in this request, however, in an effort to respond to the Commission's request, O'Keefe Ashenden submits the following information. In O'Keefe Ashenden's experience, it has received relatively few actual "retainer" fees, i.e. an advance deposit against which hourly charges are made. In O'Keefe Ashenden's real estate tax practice (n.b. the area within which Kevin M. O'Keefe had practiced for his entire legal career), which historically involves approximately 40-45% of its client

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representation, the term "retainer fee" is usually used to mean a flat fee which is typically billed (and usually and *eventually* paid) after all or most of the work in question has been performed. Within the real estate tax practice, it is our policy to be hired by our clients, provide the service and thereafter, to submit a bill for payment.

> ***(7) list the percentage of new, first-time, O'Keefe Ashenden clients who pay retainers or deposits to O'Keefe Ashenden for goods or services prior to receiving such goods or services, and provide documentation supporting such a percentage;***

(7). O'Keefe Ashenden has no lists or records such as described in this request, however, in an effort to respond to the Commission's request, O'Keefe Ashenden submits the following information. Especially in the Real Estate Tax practice, there has never been a distinction that we have been aware of between "new, first time" clients and other clients which would affect billing. In relation to this request the Commission's attention is invited to O'Keefe Ashenden's response to paragraph number 6 and to number 8.

> ***(8) list all new, first-time, O'Keefe Ashenden clients that have received goods or services from O'Keefe Ashenden in amounts totaling approximately $8,000, over a period of twelve months, prior to the client making its first payment, and provide supporting documentation. Indicate whether the client was expected to pay, and was invoiced, on a regular basis (e.g. monthly, quarterly) or if the client was expected to pay, and was invoiced, at the end of the project or end of your representation;***

(8). O'Keefe Ashenden has no lists or records such as described in this request, however, in an effort to respond to the Commission's request, O'Keefe Ashenden submits the following information. As stated in response to number 7 above, however, there has generally never been a distinction made between new, first time clients and others. In fact, virtually all clients receive some services and goods without ever being billed since the firm, unlike many (and probably most) other law firms, has rarely made any attempt to recover costs such as photocopying, telephone charges, some messenger delivery services, and the like. In addition, many clients receive substantial services in advance of payment at some time during the life of their cases (see examples attached hereto **as Exhibits 8 - 16** below), often for considerable periods of time. These services have sometimes occurred at the beginning of the case, sometimes in the middle, sometimes at the end of the case. Finally, the Commission should note that the amount of the March 11, 1992 invoice of the O'Keefe Ashenden firm is only *$2,240.08* (i.e. the *$6,417.48* of the March 20, 1992 invoice represents expenses incurred by Kevin M. O'Keefe personally and billed by him to the Committee). As noted above in the INTRODUCTION hereto, that lesser amount would not be of a magnitude sufficient to draw attention or received special treatment in the context of O'Keefe Ashenden's billing history and methods.

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(9) list the percentage of O'Keefe Ashenden clients that get billed on a monthly basis; on an annual basis; and on monthly bases of two, months, three months, and so on, up to twelve months, and provide documentation supporting such a percentage;

(9). O'Keefe Ashenden has no lists or records such as described in this request, however, in an effort to respond to the Commission's request, O'Keefe Ashenden submits the following information. In O'Keefe Ashenden's Real Estate Tax practice no clients (with the possible exception of the relatively few real estate tax litigation cases being handled for clients) are billed on a monthly basis. Typical billing in the real estate tax practice is based on the calendar cycle of county tax assessments. The services provided by the Real Estate Tax Group involve a mostly administrative law practice which must follow the assessment schedule and procedures of Cook and the adjacent or "collar" counties. In this connection, the Assessor of Cook County has a triennial reassessment cycle, opening up one-third of the county for reassessment each year. As our clients are reassessed, they advise us of the assessment increase. Thereafter, we prepare assessment complaints on their behalf and submit evidence to the Cook County Assessor and Cook County Board of Tax Appeals. Upon conclusion of the administrative process, including the certification of the assessment roles, we then bill the client on either a contingency fee or a flat fee basis. For example, **Exhibit 3** is a letter which expressly states "We will bill for the 1991 and 1992 Certificate of Error matters when the Assessor issues the Certificates, and we will bill for the 1993 matter when the Board of Appeals issues its decision." Accordingly and with the exception of perhaps a handful of clients, we bill on an annual basis after the work has been completed. Even those few clients who request monthly bills are encouraged to wait until completion of the matter. For example, on November 20, 1990, a client requested a statement for services rendered to date. We did not provide such statement until June 17, 1991. The statement was accompanied with the following explanation of our billing practices:

> I apologize for the delay in responding to your November 20th letter, but our practice is dictated by the assessment cycle. Valuation complaints must be filed according to a schedule of rigid deadlines between September and May, divisions must be filed by December 31, annual affidavits must be filed by January 31, and exemption complaints must be filed by deadlines in the spring. This cycle leaves the summer to draft reports about results achieved, write statements on the basis of those results . . .

See **Exhibits 4** and 5.

Accordingly, the practice of late billing and unaccelerated collection can be seen to be an outgrowth of the majority practice of O'Keefe Ashenden. Accordingly, the billing and collection procedures the Real Estate Tax practice have simply carried over into other practice areas of O'Keefe Ashenden.

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(10) list the percentage of O'Keefe Ashenden clients that get billed at the end of a project, rather than on a monthly basis or similar basis, and provide documentation supporting such a percentage;

(10). O'Keefe Ashenden has no lists or records such as described in this request. Nevertheless, as noted elsewhere herein, the vast majority of O'Keefe Ashenden's clients are billed at the conclusion of work on a matter - no doubt being a custom which developed out of the Real Estate Tax practice which traditionally has involved a large part of O'Keefe Ashenden's representation (and was the majority of its practice prior to around the early 1980's). Perhaps the only matters billed regularly on a monthly basis are substantial litigation cases or other matters (outside of Real Estate Tax assessment calendar restraints) specifically requested by the client - which would have to be a very small minority of matters handled by the O'Keefe Ashenden firm.

(11) documentation detailing O'Keefe Ashenden efforts to collect the debt owed by the Committee. This includes, but is not limited to, collection letters sent to the Committee, collection agency correspondence, phone logs detailing telephone calls made to collect the debt, Committee's responses to the vendor's efforts, explanations or documentation describing the vendor's industry's custom for debt collection;

(11). To our knowledge, all such documents which are responsive to this document request have been produced in response to Request for Production of Documents, paragraph no. 1 hereof. The only document which O'Keefe Ashenden has located concerning legal "industry" practice or custom for small firm debt collection is a December 5, 1994 LAWYERS WEEKLY article, *"10 Steps Toward Better Collections"* (copy attached as Exhibit 6).

Typically, O'Keefe Ashenden displays the slow or sporadic billing habits of the ordinary small firm. It has only recently adopted one of the suggestions in the mentioned article by implementing a policy of routine re-billing of outstanding invoices. See also, Order to Answer Question, number 4 below.

(12) any contracts, leases or other agreements between O'Keefe Ashenden and the Committee.

(12). To our knowledge, O'Keefe Ashenden had no contracts, leases or agreements with the Committee.

(1) Has O'Keefe Ashenden hired a collection attorney, a collection agency, a collection service, or a similar entity, to assist in its debt collection efforts against a person owing a debt to O'Keefe, Ashenden? If so, list all instances, including the name of the collection entity; its place of business; the date of hire of the collection entity; the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

(1). No. No member of the firm can recall any instance in which the described activity occurred and O'Keefe Ashenden has no documents of any kind reflecting such described activity. O'Keefe Ashenden to its knowledge, to date, never hired a collection attorney, agency, service, etc., or has otherwise undertaken such collection activity on any past due account. Furthermore, O'Keefe Ashenden must make it clearly understood to the Commission, that the members of the law firm are constrained by the ethical and disciplinary rules applicable to its practice from divulging the confidences or impairing the privileges of their clients, and could not therefore reveal the names of clients to the Commission even if O'Keefe Ashenden otherwise had information in response to the Commission's interrogatory. (Please note, however, that O'Keefe Ashenden has provided numerous exhibits and documents in response to other items herein with client identification information removed.)

(2) Has O'Keefe Ashenden filed suit in a state, federal or other jurisdictional court against a person to collect a debt owed to it? If so, list all instances, including the name and filing number of the suit; the date of the suit; the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection; the status or disposition of the suit.

(2). No. No member of the firm can recall any instance in which the described activity occurred and O'Keefe Ashenden has no documents of any kind reflecting such described activity. O'Keefe Ashenden to its knowledge, to date, has never filed suit or otherwise instituted collection proceedings on any past due account.

(3) Has O'Keefe Ashenden sent a collection letter, or similar dunning correspondence to a person with a past-due account owed to O'Keefe, Ashenden? If so, list all instances, including the name of the person owing the debt; the amount of the debt to

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be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

(3). Yes. The members of the firm recall that, if this has occurred at all, it is only in very isolated instances. It would involve a tremendous amount of expense and effort for O'Keefe Ashenden to attempt to search all of its records and archives in storage for such documents (especially inasmuch as such instances are very few) reflecting such described activity. One such letter was provided with the Affidavit of J. Michael Heaton, Esq. in Support of His Affidavit of May 26, 1994 (dated January 19, 1995), as referenced in paragraph 6(c) thereof (with the names of the client removed in accordance with O'Keefe Ashenden's ethical obligations to protect client confidentiality and/or attorney-client privilege - as are all the exhibits attached *hereto* as well). As described therein:

> c. ***Real Estate Tax Reassessment Matter*** - **See Group Exhibit C.**
>
> Statement of October 13, 1993 billing $8,260.52 of fees due at conclusion of successful real estate tax reassessment protest. *Letter of March 14, 1994* rebilling same statement then unpaid. Letter of *May 9, 1994* rebilling same statement then unpaid. Record copy of original Statement of October 13, 1993 showing client installments (rather than full balance payment) starting in June of 1994 - a delay of fifteen months (and continuing) on $6,160.52 of fees [emphasis added].

As the record copy of the invoice indicates ["copy of original Statement of October 13, 1993 showing client installments (rather than full balance payment) starting in June of 1994"] the client made six payments beginning June 21, 1994 and ending November 28, 1994 - and has made no further payments thereafter. O'Keefe Ashenden has taken *no* action against the client to collect the remaining outstanding balance of $6,160.52 since the payments stopped.

(4) Has O'Keefe Ashenden sent a second invoice or past-due notice to a person with a past-due account owed to O'Keefe, Ashenden? If so, list all instances, including the name of the person owing the debt; the amount of the debt to be collected; the length of time that the debt to be collected was overdue; the circumstances surrounding the collection.

(4). O'Keefe Ashenden in the past has only on occasion re-billed some invoices by a sending a photocopy of a previously billed and overdue statement on a specific item. Compared to its total client base of approximately 1,100 client names and about 300 active files annually, O'Keefe Ashenden has seldom re-billed. Prior to August of 1994, it was simply not a routine policy of O'Keefe Ashenden to re-bill unpaid invoices. Since August of 1994, all invoices unpaid for 45 days are supposed to be automatically re-billed. O'Keefe Ashenden's re-billing history (with supporting documents attached as **Exhibit 7** hereto) is summarized below:

YEAR	RE-BILLINGS	R-B'S PAID
1991	26	5
1992	34	17
1993	14	7
1994	6	5
1995	117	39

Prior to 1995, therefore, the O'Keefe Ashenden firm did not re-bill as a routine practice and seldom if ever did so even in individual cases.

OTHER RELEVANT INFORMATION — FURTHER EXAMPLES OF DELAYED BILLING/COLLECTION

Although the Commission's "FACTUAL AND LEGAL ANALYSIS" attached to the subpoena saw the previously submitted examples of O'Keefe Ashenden billing practice as merely "demonstrat[ing] ... *isolated instances* [of] delayed billing or fail[ing] to collect on an invoice [emphasis added]," it should be clear by now that, to the contrary, they were typical cases of O'Keefe Ashenden's historical practice. (See, discussion of prior submittals in INTRODUCTION above.) Inasmuch as O'Keefe Ashenden does not have records or documents of the nature or in the form requested by the Commission, we would like to submit the following materials as well as the above information as corroborating examples of O'Keefe Ashenden's business practice in billing and collection.

Exhibit 8 — Client/Matter # 98018-001-1: Individual, first-time client; *$3,340 in hourly fees* accumulated and *$454.11 in costs advanced* from 5/12/95 to present; no bill has been sent and it is understood that billing will occur at end of the project.

Exhibit 9 — Client/Matter #99470-007-7: Corporate, not first-time, client; hourly *fees of $7,222.50* and costs advanced of $28.50 for work from 3/94 through 12/94 not billed until 3/30/95; paid 4/20/95; additional time and expense charges on this matter remain unbilled at present.

Exhibit 10 — Client/Matter #99517-001-0: Governmental client (first-time client of firm); *$44,202.50 in hourly fees* and *$4,862.01 in costs advanced* for work from 2/94 through 11/94, billed 12/94 and paid 8/95; $11,593.75 in hourly fees and $2,967.07 in costs advanced for work in 12/94, billed 2/95 and paid 8/95.

Exhibit 11 — Client/Matter #1203-001-1: Corporate, first-time client; *$6,925 in hourly fees* and *$26.50 in costs advanced* for work 5/90 through 12/90, billed 2/91; additional $6,000 in hourly fees and $82.50 in costs advanced for work from 1/91 through 6/91, billed 8/91; no payments ever received; no collection activity other than phone calls.

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Exhibit 12 -- Client/Matter # 99574-001-1: Corporate, first-time client; contingency fee agreement dated April 20, 1993; reporting letter of June 6, 1994 and statement of same date; copy of client remittance dated July 15, 1994.

Exhibit 13 -- Client/Matter # 99723-001-1: Corporate, first-time client; contingency fee agreement dated December 31, 1992; reporting of letter of May 10, 1993 with statement of same date; copy of statement of May 10, 1993 with notation that payment was made on December 20, 1993.

Exhibit 14 -- Client/Matter # 99775-001-1: Partnership, flat fee client; fee negotiated at the end of the matter; reporting letter of March 24, 1992 with statement of same date; copy of statement dated March 24, 1992 with indication that payment made on November 12, 1992.

Exhibit 15 -- Client/Matter # 99764-002-2: Corporate, first-time client; contingency fee agreement dated December 31, 1991 in connection with the 1991 reassessment; reporting letter of June 9, 1992 with statement of same date; copy of June 9, 1992 statement with indication that payment was made on September 24, 1992.

Exhibit 16 -- Client/Matter # 99907-001-1: Individual, first-time client; contingency fee agreement signed July 15, 1993; reporting letter of June 8, 1994 with statement; copy of statement indicating payment made on July 11, 1994.

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CONCLUSION

The information and documents submitted by O'Keefe Ashenden substantiate that, as a practical matter, the March 11, 1992 statement of O'Keefe Ashenden (as well as the March 20, 1992 personal statement of Kevin M. O'Keefe), was billed and ultimately paid within a time frame and in a manner conforming with the custom and usage of O'Keefe Ashenden in its ordinary course of business. It is a course of business which is not uncommon among small firms focusing on client service and rooted in a history of typically reliable and responsible client remittance without major collection interventions.

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IN WITNESS WHEREOF, the undersigned have hereunto affixed their signatures as of the date indicated.

J. MICHAEL HEATON
Partner
O'KEEFE, ASHENDEN, LYONS & WARD
Suite 4100,
30 North LaSalle Street
Chicago, Illinois 60602

Notary Public

Signed and sworn to before me
at Chicago, Illinois
on November 20, 1995.

"OFFICIAL SEAL"
ERIKA A. BOWEN
Notary Public, State of Illinois
My Commission Expires 9/12/98

DANIEL W. COYNE
Partner
O'KEEFE, ASHENDEN, LYONS & WARD
Suite 4100,
30 North LaSalle Street
Chicago, Illinois 60602

Notary Public

Signed and sworn to before me
at Chicago, Illinois
on November 20, 1995.

"OFFICIAL SEAL"
ERIKA A. BOWEN
Notary Public, State of Illinois
My Commission Expires 9/12/98

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
FEB 12 11 25 AM '96

Shelia Davis Lawrence

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
FEB 12 11 25 AM

February 9, 1996

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

FEB 12 1 00 PM '96
RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Re: MUR 4172: Shelia Davis Lawrence Expense Reimbursement

Dear Mr. McDonald:

I am in receipt of your letter of September 12, 1995 informing me that the Federal Election Commission ("FEC") has found reason to believe that I violated a provision of the Federal Election Campaign Act of 1971 in connection with my work with the Clinton for President Committee (the "1992 Clinton campaign"). Notwithstanding the FEC's election not to take any further action, I feel compelled to respond with several points to set the record straight.

First, I never incurred fundraising expenses in support of the 1992 Clinton campaign with the intent to make a contribution. In fact, I meticulously kept track of the expenditure records with regard to the February 1992 fundraiser event in San Diego; and I carefully and promptly submitted those receipts to the 1992 Clinton campaign, which reimbursed me fully and promptly for all expenses.

Furthermore, I followed this procedure based on what I believed to be common sense, what I believed was responsible advice from counsel to the 1992 Clinton campaign, and what I understood was the generally accepted practice in all prior Presidential campaigns. Finally, in my view, my extensive (although non-compensated) involvement in fundraising of the 1992 Clinton campaign resulted in my becoming a part of the official campaign apparatus. Therefore, I disagree with the FEC's decision to reject arguments made by counsel to the 1992 Clinton campaign that I was essentially an unincorporated vendor providing fundraising services to the campaign and, therefore, that any advances that I made were not, in fact, contributions.

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Had I been made aware of the FEC's new regulation with respect to advances (which, again, I understand changed the rules that were followed during earlier Presidential campaigns), I would have followed that regulation. I cannot help but note that the FEC's new rules make it much more difficult for citizens--other than full-time, paid political professionals--to participate in Presidential campaigns, and that is inconsistent with our country's democratic traditions.

Sincerely,

Shelia Davis Lawrence

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FEDERAL ELECTION COMMISSION
OFFICE OF SECRETARIAT
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KENNETH D. BRODY
2001 WOODLAND DRIVE, N.W.
WASHINGTON, D.C. 20008

September 10, 1996

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
SEP 12 3 11 PM '96

The Honorable Lee Ann Elliott
Chair
Federal Election Commission
Washington, D.C. 20463

Re: MUR 4172 Kenneth D. Brody Expenses Reimbursement

Dear Ms. Elliott:

On September 12, 1995, then-Chairman Danny L. McDonald wrote to inform me that the Federal Election Commission (the "Commission") has found reason to believe that I violated a provision of the Federal Election Campaign Act of 1971 in connection with my work with the Clinton for President Committee (the "1992 Clinton campaign"). While that September 12 letter also explained that the Commission had decided not to take any further action, upon further reflection over the past few months since leaving government service, I feel compelled to respond.

First, at no time did I make expense advances in connection with the 1992 Clinton campaign intending to make a contribution. To the contrary, before embarking on any fundraising efforts, I specifically sought advice from counsel to the 1992 Clinton campaign, who informed me, in a meeting held specifically for the purpose of my understanding the applicable rules and regulations, that I could advance certain fundraising costs as long as the campaign reimbursed me. Believing this advice to be responsible, I kept detailed records of my advances with regard to the fundraising event in New York City identified in MUR 4172. I promptly submitted detailed receipts to the 1992 Clinton campaign, which reimbursed me fully for all advances.

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Had I been counseled beforehand with regard to the Commission's new regulation with respect to advances (which I understand changed the practices that were followed during earlier Presidential campaigns), I would have complied with the new rules.

Second, in my view, I was part of the official 1992 Clinton campaign fundraising apparatus. Thus, I was disappointed by the Commission's rejection of the arguments made by counsel to the 1992 Clinton campaign that my role was equivalent to an unincorporated vendor providing fundraising services to the campaign, and therefore that any advances that I made were not contributions under federal election law.

Accordingly, for the reasons set forth above, I respectfully disagree with the Commission's finding of reason to believe that a violation occurred.

Sincerely,

Kenneth D. Brody

Kenneth D. Brody

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FEDERAL ELECTION COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

AUG 16 12 58 PM '96

Clinton for President Committee
and J.L. "Skip" Rutherford,
as treasurer,

SENSITIVE

MUR 4172

Manatt, Phelps & Phillips,
O'Keefe Ashenden Lyons & Ward,
Kevin M. O'Keefe
American Federation of Teachers
Mozark Productions, Inc.

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GENERAL COUNSEL'S REPORT

I. GENERATION OF MATTER

On August 15, 1995, the Commission found reason to believe that the Clinton for President Primary Committee ("the Primary Committee") violated 2 U.S.C. § 441a(f) by receiving excessive contributions from individuals. The Commission also found reason to believe that the Primary Committee violated 2 U.S.C. § 441a(f) by receiving excessive contributions from Manatt, Phelps & Phillips ("Manatt, Phelps") and O'Keefe Ashenden Lyons & Ward ("O'Keefe Ashenden"). In addition, the Commission found reason to believe that Manatt, Phelps and O'Keefe Ashenden violated 2 U.S.C. § 441a(a)(1)(A) by making prohibited contributions to the Primary Committee. Further, the Commission found reason to believe that the Primary Committee violated 2 U.S.C. § 441b by

receiving prohibited contributions from the American Federation of Teachers ("AFT") and Mozark Productions, Inc. ("Mozark"). The Commission also found reason to believe that AFT and Mozark violated 2 U.S.C. § 441b, by making the contributions to the Primary Committee.[1] In addition to these findings, the Commission authorized the Office of the General Counsel to send subpoenas for documents to the Manatt, Phelps, O'Keefe Ashenden and Mozark. On October 26, 1995, the Primary Committee submitted its response to the Commission's findings. *See* Attachment 1. Manatt, Phelps submitted its response on October 18, 1995; O'Keefe Ashenden submitted its response on November 24, 1995; AFT submitted its response on October 24, 1995; and Mozark submitted a response on November 27, 1995. *See* Attachments 2-6. These matters were all contained in MUR 4172.

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[1] This matter was generated from infomation obtained during the audit of the Primary Committee. 11 C.F.R. § 9038.1(e)(2).

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II. FACTUAL AND LEGAL ANALYSIS

A. EXCESSIVE CONTRIBUTIONS -- STAFF ADVANCES

1. Commission Findings

During the audit of the Primary Committee, it was discovered that Paul Carey, Harold Ickes, Kenneth Brody, Erskine Bowles and Shelia Davis Lawrence made excessive contributions to the Primary Committee of $5,358, $8,890, $17,962, $15,325, and $10,947, respectively. Therefore, the Commission found reason to believe that the Primary Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by knowingly accepting contributions totaling $58,482 in excess of the contribution limitations from these individuals.

2. Primary Committee Response

In response to the Commission's reason to believe finding, the Primary Committee requests that the Commission take no further action in this matter. The Primary Committee argues that the Commission has not previously pursued political

committee for accepting contributions through staff advances, and specifically cites MUR 3789 (Agran for President) and MUR 3947 (Kerry for President) in support of this request. Attachment 1 at 13. The Primary Committee also makes several substantive arguments.

First, the Primary Committee argues that it did not violate 2 U.S.C. § 441a(f) by receiving excessive contributions from Ken Brody, Erskine Bowles and Shelia Davis Lawrence because these individuals were acting as unincorporated vendors to the Primary Committee pursuant to 11 C.F.R. § 116.3. Attachment 1 at 11. The Primary Committee states that these unincorporated vendors were volunteers who provided uncompensated services to the Primary Committee, and that these individuals billed the Primary Committee only for the costs incurred in connection with those services. *Id.* Thus, the Primary Committee argues that these individuals were unincorporated vendors who volunteered their personal services to the Primary Committee, that these individuals were permitted to seek reimbursement from the Primary Committee for the costs they incurred while providing such services to the Primary Committee, and that such volunteer activity is permitted and encouraged under the Federal Election Campaign Act. *Id.* at 11-13.

Additionally, the Primary Committee argues that the Commission's interpretation of 11 C.F.R. § 116.3(c) does not take into account the reality that no campaign volunteer can avoid incurring some costs when such a volunteer provides services to a committee. *Id.* at 13. Therefore, the Primary Committee asserts that the regulations must allow "some reasonable possibility for a volunteer to incur costs and be reimbursed for expenses." *Id.* Moreover, the Primary Committee states that treating expenses incurred

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by unpaid fundraising vendors as contributions is unfair because it penalizes individuals for engaging in volunteer activity. *Id.*

Second, the Primary Committee admits that although Mr. Carey and Mr. Ickes were reimbursed for their expenses after the 60-day time period stated within the regulations, and that such reimbursement "may, therefore, be a technical violation," both Mr. Carey, Mr. Ickes and the Primary Committee attempted to comply with the law as evidenced by Mr. Carey's and Mr. Ickes' regular submission of expense reimbursement requests and the Primary Committee's prompt payment of these requests. *Id.* at 10-11. The Primary Committee also argues that it paid for Mr. Carey's expenses in full prior to the audit review. *Id.* Finally, the Primary Committee argues that the regulations are confusing and unworkable. Attachment 1 at 13.

3. Analysis

The Office of General Counsel recommends that the Commission reject the Primary Committee's request for no further action in this matter. However, this Office believes that pre-probable cause conciliation with the Primary Committee regarding this matter is appropriate.

With respect to the excessive contributions of Mr. Brody, Mr. Bowles and Ms. Davis Lawrence, the Primary Committee, apparently, seeks to classify these individuals as commercial vendors who merely need to extend credit in the ordinary course of business under 11 C.F.R. § 116.3. The Primary Committee does not want the individuals classified as committee staff under 11 C.F.R. § 116.5 because the individuals' advances will result in contributions under that regulation's more precise definition. However, the

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Primary Committee has not demonstrated that the individuals are unincorporated commercial vendors pursuant to 11 C.F.R. §§ 116.1(c) who are extending credit to the Committee under 11 C.F.R. § 116.3(a). Indeed, the individuals appear to have vocations other than that of political campaign workers (for instance, Ken Brody was a partner at an investment banking firm). In addition to failing to demonstrate that the individuals are commercial vendors, the Primary Committee has also failed to demonstrate the individual's ordinary course of business with respect to credit extension. Thus, there is no standard against which the individuals' conduct could be measured.

When an individual is not acting as a commercial vendor, the individual's advances are governed by 11 C.F.R. § 116.5. 11 C.F.R. § 116.5(a). Therefore, this Office believes that the expenses incurred by these individuals are properly analyzed under 11 C.F.R. § 116.5. *See* 11 C.F.R. § 116.5(a). Because the expenses of Kenneth Brody, Erskine Bowles and Shelia Davis Lawrence were not for personal travel and subsistence, these individuals made excessive contributions to the Primary Committee. 11 C.F.R. § 116.5(b). Thus, the Office of General Counsel believes that the expenses incurred by Kenneth Brody, Erskine Bowles, and Shelia Davis Lawrence, $17,962, $10,947 and $15,325, respectively, were excessive contributions to the Primary Committee.

With respect to the expenditures of Paul Carey and Harold Ickes, the Primary Committee admits that it did not comply with the regulations. That Paul Carey and Harold Ickes may have promptly sought reimbursement for their person travel and subsistence expenses from the Primary Committee does not negate the fact that such reimbursements occurred after the 30 or 60 day time period stated at 11 C.F.R.

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§ 116.5(b). Additionally, with respect to the expenses of Paul Carey and Harold Ickes incurred for the subsistence of others, it is irrelevant whether they quickly submitted reimbursement requests to the Primary Committee or whether the Primary Committee quickly made reimbursement to these individuals; expenses for the subsistence of others become contributions at the time such expenses are incurred.[3] 11 C.F.R. § 116.5(b).

B. EXCESSIVE CONTRIBUTIONS --VENDORS

1. Commission findings

The Commission found reason to believe that the Primary Committee violated 2 U.S.C. § 441a(f) and that Manatt, Phelps & Phillips, a law firm partnership, violated 2 U.S.C. § 441a(a)(1)(A) through advances made to the Primary Committee by the law firm. Manatt, Phelps hosted and paid for events at the "Regency Club" on behalf of the Primary Committee. The Commission's audit identified two events which occurred in April 1992, which were billed to the Primary Committee in July 1992, and whose cost totaled $14,945.86.

The Commission found reason to believe that the Primary Committee violated 2 U.S.C. § 441a(f) and that O'Keefe Ashenden Lyons & Ward, a law firm partnership, violated 2 U.S.C. § 441a(a)(1)(A) through advances made to the Primary Committee. O'Keefe provided miscellaneous services to the Primary Committee such as partner travel and catering costs but had failed to bill the Primary Committee until several

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[3] The Primary Committee's reference to MUR 3789 (Agran for President) is misplaced. In MUR 3789, the Commission took no further action against a staff member who made advances because the advance occurred when the staff member's credit card was inadvertently billed for Committee expenses. Similarly, the Primary Committee misinterprets MUR 3947 (Kerry for President). In MUR 3947, the Commission took no further action against the Kerry Committee after it worked out a debt settlement for its two staff advances.

months after the initial extension of credit. The Primary Committee paid O'Keefe Ashenden six months after the bill was issued to the Primary Committee.

2. Manatt, Phelps & Phillips

a. Responses

The Primary Committee and Manatt, Phelps submitted responses urging the Commission to determine that no violation occurred or to, alternatively, take no further action. As a threshold matter, both respondents argue that only one event took place at the Regency Club, rather than two events, and therefore the amount of the contribution in question should total $7,402.93 instead of $14,945.86. Attachment 2 at 2-3. Respondents explain that the Regency Club had issued two invoices for the same event, and both of the charges were initially placed on the Primary Committee's invoice by the Manatt, Phelps billing department. *Id.* Eventually, Manatt, Phelps determined that the second Regency Club invoice was a revision of the first invoice, and it credited the Primary Committee account for the overcharge with a miscellaneous credit. *Id.*

The respondents explained that the Regency Club payment was for an April 26, 1992 luncheon hosted by Manatt, Phelps partner Maria Hummer on behalf of Hillary Clinton, the spouse of the candidate. Attachment 2 at 2. Ms. Hummer, who was a member of the Regency Club, a private club, was billed by the club for the luncheon that took place on its premises. The luncheon was held for 239 individuals, and each meal cost $35. Attachment 2 at 13. After receiving the bill from the club, Ms. Hummer forwarded the bill to Manatt, Phelps which paid the Regency Club. Manatt, Phelps then charged the cost of the event against the Primary Committee's account. Respondents

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state that the firm has on numerous occasions hosted events on behalf of clients at area clubs and then later billed the clients for the expenses. Attachment 1 at 7; Attachment 2 at 3-4. In support of this statement, Manatt, Phelps provided the following examples: (a) $5,000 in charges for a "series of dinner meetings" for a Financial Services Department client; (b) numerous meals and golf outings of unspecified size and cost for an entertainment attorney's clients; and (c) a Washington D.C. partner's events at a club which occasionally have approached a cost of $1,000. Attachment 2 at 4. Thus, the respondents conclude that the hosting of events at area clubs is part of the law firm's usual business and it is therefore permitted to extend credit for this type of activity.

Respondents also state that the firm never intended to make a contribution to the Primary Committee and that it took "significant pains" to avoid a contribution. Attachment 1 at 7. Finally, Manatt, Phelps suggests that that even if the Commission views this activity as a technical violation of the law, the small amount of money involved dictates that the Commission take no further action. Attachment 2 at 5-6.

b. Analysis

This Office recommends that the Commission reject the Primary Committee's request for a finding that no violation occurred and that the Commission reject the request for no further action. However, this Office recommends that the Commission take no further action against Manatt, Phelps. After examining the respondents' subpoena responses it appears that only one event was hosted at the Regency Club. The Regency Club appears to have issued a second invoice that revised an initial invoice for the one event. However, both invoices were entered as amounts owed by the Primary Committee

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to Manatt, Phelps on the Primary Committee's account at the law firm. Nevertheless, Manatt, Phelps invoice to the Primary Committee also contains a credit on the Primary Committee account labeled "void" which, according to the respondents, was the credit for the inadvertent billing. Therefore, the amount in violation is $7,402.93.[4]

The payment of the cost associated with the luncheon is an advance of law firm partnership funds and results in a contribution in excess of the contribution limits. The payment of these costs was not an extension for credit in the ordinary course of business because the activity in question was not the usual and normal business of the partnership. *See* 11 C.F.R. § 116.1(c) (defining commercial vendors as any person who provides goods or services to a candidate whose "usual and normal business involves the ... provision of those goods or services."). Manatt, Phelps' usual and normal business is to provide legal services to clients. In providing these services there are ancillary costs that may be incurred by the partnership on behalf of the client for services such as photocopying or communications. *Cf.* Advisory Opinion 1979-22 (equating partnership payments for messenger service and taxi service as a use of facilities under 11 C.F.R. § 114.9 since these services are generally available to all employees).[5] However, the

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[4] This Office notes that a contribution made by a partnership is also attributable to the partners within that partnership. 11 C.F.R. § 100.1(e). Such a contribution is attributable in direct proportion to each partner's share of the profits or by agreement of the partners. 11 C.F.R. § 110.1(e)(1) and (2). The Primary Committee has the obligation to determine the amount of a contribution to be attributed to each partner. *Id.* Likewise, the partnership has the responsibility of informing the Primary Committee as to how a contribution is attributed. *Id.*; *see also* MUR 2557, MUR 3954 and Advisory Opinion 1980-67. Notwithstanding these regulatory provisions, both the Primary Committee and Manatt, Phelps failed to attribute the above-stated contribution to its partners. Thus, it cannot be determined whether the Manatt, Phelps partners made excessive contributions. *Compare* MUR 3954. Therefore, the Office of General Counsel makes no recommendation with respect to the Manatt, Phelps partners.

[5] Indeed, in this case, the Commission already has decided that the law firm has not extended credit outside the ordinary course of business for certain legal services that it provided to the Primary Committee

apparent purpose of this event was to raise funds for a federal candidate and to influence a federal election. An advance of partnership funds to support the Primary Committee's basic electioneering goals is a contribution. 11 C.F.R. § 100.7(a)(1).

In the case of the Manatt, Phelps luncheon hosted at the Regency Club, the service provided was not the primary function of this vendor. Additionally, merely because on occasion a vendor engages in some sort of ancillary activity, does not render the activity in question, a usual and normal business of the vendor.

However, even if Manatt, Phelps usually and normally hosted events for clients at private clubs, the facts presented with this event at the Regency Club were beyond that in which this law firm appears to usually partake for nonpolitical clients. 11 C.F.R. § 116.3(b). The cost to the vendor in this case for just one event was over $7,000, and 239 people attended the event. The costs and the size of this event far surpasses any of the examples of similar events provided by Manatt, Phelps in their response, *e.g.*, a Washington D.C. partner's events at a club which occasionally have approached a cost of $1,000.[6]

Therefore, the Commission should reject the Primary Committee's request for no further action. This Office recommends that the Commission enter into conciliation with the Primary Committee prior to a finding of probable cause. However, due to the

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and for the ancillary office services such photocopying, postage, and Lexis research associated with legal services.

[6] In MUR 3342, the Commission found no probable cause to believe that a law firm made excessive contributions to the Gephardt for President Committee by advancing the costs of certain fundraisers because the Gephardt Committee apparently was a client to the law firm and because the firm had provided similar services to other clients. However, in the same MUR, the Commission found probable cause to believe that a different law firm made excessive contributions to the Gephardt Committee by advancing the costs of a fundraiser because the law firm did not demonstrate that it had made similar advances for any other clients.

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amounts involved and in light of the Commission's staffing constraints and limited resources, the Office of General Counsel recommends that the Commission take no further action against Manatt, Phelps.[7]

3. O'Keefe Ashenden Lyons & Ward

a. Responses

O'Keefe Ashenden contends in its response that $6,417.48 of the $8,657.56 at issue was for expenses incurred by its partner, Kevin M. O'Keefe, and did not involve the firm's expenses. Attachment 3 at 2-4. O'Keefe Ashenden states that the Primary Committee inadvertently believed that Mr. O'Keefe's personal expense reimbursement request should be directed to the law firm. O'Keefe Ashenden states that when it received Mr. O'Keefe's personal expense reimbursement from the Primary Committee, it corrected the error by reimbursing Mr. O'Keefe, and it submitted a canceled check to demonstrate this fact. Attachment 4. O'Keefe acknowledges that $2,240.08 of the amount at issue was correctly attributed to the partnership for services provided by it to the Primary Committee. Attachment 3 at 2-4. However, it asserts that these expenses were billed to Mr. O'Keefe's individual partnership expense account for which he was personally responsible. O'Keefe Ashenden concludes that even if the $2,240.08 is viewed as a contribution to the Primary Committee, due to the small amount involved, the Commission should take no further action.

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[7] This Office is not recommending that the Commission pursue Maria Hummer for making an excessive contribution in violation of 2 U.S.C. § 441a(a)(1)(A). Although Ms. Hummer's club account was charged for this event, she was reimbursed within two weeks by Manatt, Phelps for her outlay. Essentially, Manatt, Phelps assumed her obligation

The Primary Committee and O'Keefe Ashenden contend that the transactions at issue were extensions of credit in the firm's ordinary course of business, and thus, no contributions resulted. The Primary Committee states that during the audit process it submitted "voluminous and detailed documentation containing specific examples" of O'Keefe Ashenden billings including 45 billing examples in 6 different law practice areas. Attachment 1 at 2. The respondents note that O'Keefe Ashenden routinely bills clients at the conclusion of a matter. Attachment 1 at 3; Attachment 3 at 6-7. O'Keefe Ashenden, in its response, states that the firm encourages clients to pay their legal bills only at the conclusion of a matter. Attachment 3 at 6. Thus, the respondents argue that this transaction called for delayed billing since the vendor usually acts in this manner. The Primary Committee also notes that O'Keefe Ashenden did not intend to provide a contribution and that it did not reduce its charges to the Primary Committee or fail to bill for any services. Attachment 1 at 3.

b. Analysis

Based on the information provided in O'Keefe Ashenden's response, we recommend that the Commission find reason to believe that Kevin M. O'Keefe has violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Primary Committee. O'Keefe Ashenden has argued that the bills in question were primarily Kevin M. O'Keefe's personal responsibility and that the law firm should only be held responsible for the $2,240.08 attributed to it. Although the bills submitted to the Primary Committee were presented on O'Keefe Ashenden letterhead, and the payments were made to O'Keefe Ashenden, it does appear that Mr. O'Keefe advanced the funds to the

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Primary Committee personally. O'Keefe Ashenden has submitted a canceled check that was issued to Mr. O'Keefe to reimburse him the amount that was misdirected by the Primary Committee to the law firm. This canceled check corroborates O'Keefe Ashenden's argument that the advances were the personal advances of Mr. O'Keefe in his position as a Primary Committee volunteer. Therefore, this Office believes that $6,417.48 of the amount at issue are Mr. O'Keefe's advances to the Primary Committee made in excess of contribution limitations. 2 U.S.C. § 441a(a)(1)(A). Specifically, Mr. O'Keefe incurred personal travel and subsistence expenses that were not reimbursed within the 30 or 60 day time period set forth at 11 C.F.R. § 116.5(b).[8] Moreover, some of the expenses that he incurred were for the subsistence of others which are contributions to the Primary Committee at the time that they are made. 11 C.F.R. § 116.5(b).

Therefore, there is reason to believe that Kevin O'Keefe violated 2 U.S.C. § 441a(a)(1)(A). Further, there is reason to believe that Clinton for President, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Kevin M. O'Keefe. However, consistent with the Commission's treatment of other staff advances in the enforcement context, this Office recommends that only the Primary Committee be pursued for this violation and that no further action be taken with respect to Kevin M. O'Keefe. Additionally, consistent with other recommendations in this report, we recommend that the Commission enter into conciliation with the Primary Committee prior to a finding of probable cause with respect to its receipt of excessive contributions from Kevin M. O'Keefe.

[8] The advances were made in late 1991, were billed in April 1992, and eventually paid in September 1992.

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This Office believes that no further action should be taken with respect to O'Keefe Ashenden's contributions totaling $2,240.08.[9] O'Keefe Ashenden demonstrated that its custom is to wait for the end of a project before billing a client. Thus, the billings made in this case are in the ordinary course of O'Keefe Ashenden's business. 11 C.F.R. § 116.3(a). Moreover, in light of the fact that only $2,240.08 was actually paid on behalf of the Primary Committee from O'Keefe Ashenden accounts, the Office of General Counsel recommends that the Commission take no further action against O'Keefe Ashenden. Furthermore, the Primary Committee derived minimal benefit from the advances put forth by O'Keefe Ashenden, and therefore, this Office recommends that no further action be taken with respect to the Committee and its transaction with O'Keefe Ashenden.

C. PROHIBITED CONTRIBUTIONS -- VENDORS

1. Commission findings

The Commission found reason to believe that the Primary Committee received, and American Federation of Teachers ("AFT") made, prohibited contributions. AFT made a contribution to the Primary Committee by advancing the costs of a newspaper advertisement in the *New York Times*. The Primary Committee did not pay AFT for ten months after the advance.

The Commission also found reason to believe that the Primary Committee received, and Mozark Productions, Inc. ("Mozark") made, prohibited contributions.

[9] This Office recommends that no action be taken with respect to potential excessive contributions by O'Keefe Ashenden partners resulting from the attribution of the partnership's contribution to the individual partners. *See supra*, footnote 4.

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Mozark had advanced the costs of two fundraisers on behalf of the Primary Committee. Mozark was reimbursed within a month of these advances.

2. American Federation of Teachers

a. Responses

The Primary Committee and AFT submitted similar responses urging the Commission to take no further action. The respondents argue first that no contribution occurred because AFT invoiced the Primary Committee before AFT's own bill for the advertisement was due. Attachment 1 at 4; Attachment 5 at 2. Since AFT had passed along the obligation quickly, the respondents assert, no contribution could result. Respondents also state that no contribution occurred since AFT provided nothing of value to the Primary Committee insofar as AFT was merely a conduit to a transaction that the Primary Committee could have handled directly with the newspaper or the advertising agency. Attachment 1 at 5; Attachment 5 at 2.

The respondents also contend that the newspaper advertisement in question is a weekly column written by the union's president, Albert Shanker, that has been printed for over 25 years. As such, the respondents believe that the column should be viewed as a union facility, and that the use of that facility by the Primary Committee need only be reimbursed within a commercially reasonable time period as set forth in 11 C.F.R. § 114.9. Attachment 1 at 5; Attachment 5 at 2-3. The respondents further note that the reimbursement was made in a commercially reasonable time. Attachment 1 at 5; Attachment 5 at 3. Although the initial invoice was issued almost a year before the Primary Committee eventually paid the obligation, the respondents state that the original

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invoice was inadvertently misdirected and once the second invoice was properly issued, payment was remitted within three weeks. Attachment 1 at 5; Attachment 5 at 3.

Finally, the respondents state that the column was a union president's endorsement of a candidate that the Primary Committee did not need to pay for at all and therefore no contribution existed. Attachment 1 at 5-6; Attachment 5 at 3-4. Respondents point to the Commission's rulemaking on corporate and labor organization endorsements and note that Mr. Shanker's column is similar to a press conference or press release and therefore, permissible communication that need not be reimbursed by the candidate benefiting from the endorsement. Attachment 1 at 6; Attachment 5 at 3-4

b. Analysis

This Office recommends that the Commission reject the Primary Committee's and the AFT's requests that no further action be taken and recommend that the Commission enter into conciliation with the Primary Committee and the AFT prior to a finding of probable cause to believe.

A contribution was made when the AFT advanced the costs of this newspaper article on behalf of the Primary Committee. The Primary Committee failed to pay the invoice for a significant amount of time (10 months), and AFT made no effort during that time to collect the funds. The Primary Committee received something of value from the AFT since it derived the benefit of the value of the newspaper article ($12,125.68) for a significant period of time. The fact that the Primary Committee could purchase its own newspaper advertisements does not diminish the benefit provided by AFT.

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This Office of General Counsel disagrees with the respondent's characterization of the column as a use of AFT's facilities. The Commission's regulations at 11 C.F.R. § 114.9 contemplate that facilities may ordinarily include items typically associated with an office such as "telephones or typewriters or ... office furniture." 11 C.F.R. § 114.9(d). To expand the definition of facility to include a newspaper column broadens the definition of "facility" to a point where any expenditure incurred by a vendor could be a facility. However, even if the column was a union facility, the payment for this use was not made in a commercially reasonable time. As noted, the bill was outstanding for ten months. During this time neither the vendor nor the Primary Committee investigated the lack of a payment or issued a new bill.

Finally, this Office does not find convincing the respondents' claims concerning confusion over the regulatory status of labor organization endorsements. Endorsements that are issued by press conference, press release or to an organization's restricted class through regular channels, and which are not coordinated with a political committee, would not result in a contribution. 11 C.F.R. § 114.4(c)(6). However, the endorsement at issue does not fall within the exceptions that the Commission has considered in revising its regulations concerning endorsements. Rather, the endorsement was published in a general circulation newspaper and was coordinated with the Primary Committee. Indeed,

9704380036 6

the advertisement itself stated that it was paid for by the Primary Committee. Therefore, this Office recommends that the Commission enter into conciliation with the Primary Committee and the AFT prior to a finding of probable cause.

3. Mozark Productions, Inc.

The Primary Committee and Mozark note that although Mozark initially paid the bills for the fundraisers in the amounts of $3,157.12 and $938.12, the two bills were forwarded to the Primary Committee and paid within 27 and 34 days, respectively. Attachment 1 at 8; Attachment 6 at 2. Respondents state that this is approximately the same payment time frame for these services as would be expected had the restaurants billed the Primary Committee directly. Attachment 1 at 8; Attachment 6 at 2. The Primary Committee also asserts that the short time frame in which the bill was paid by the Primary Committee demonstrates that no contribution was intended. Attachment 1 at 8. Mozark also noted that the Commission regulations permit Primary Committees to refund prohibited contributions within thirty days of receipt. Attachment 6 at 2.

We recommend that the Commission take no further action with respect to the issue related to the advances made by Mozark. Mozark, as a corporation, impermissibly advanced monies to pay for fundraisers on behalf of the Primary Committee. However, the Primary Committee made reimbursement to Mozark within a relatively short time period. This quick repayment time frame mitigated the violation. Therefore, we believe no further action is warranted.[10]

[10] We note that in arguing that the refunds were timely, the Committee and Mozark appear to be relying on 11 C.F.R. § 103.3(b), which states that excessive or prohibited contributions must be refunded within thirty days of the discovery of their status. However, this regulation discusses direct contributions to political committees (for instance, requiring deposit of receipts into committee bank accounts). Therefore, this regulation is not generally applied to in-kind contributions, such as the contributions at

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NOTICE

PAGES 20 - 31
CONTAIN INFORMATION PERTAINING TO MATTERS
CURRENTLY UNDER CONSIDERATION BY THE COMMISSION

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III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

9704380003 69

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RECOMMENDATIONS

1. Reject the Clinton for President Committee's request to take no further action with respect to contribution received from Harold Ickes, Paul Carey, Kenneth Brody, Erskine Bowles, Shelia Davis Lawrence, Manatt, Phelps & Phillips, American Federation of Teachers.

2. Take no further action against the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, with respect to transactions with O'Keefe Ashenden Lyons & Ward and Mozark Productions, Inc.

3. Take no further action against Manatt, Phelps & Phillips.

4. Take no further action against O'Keefe Ashenden Lyons & Ward.

5. Find reason to believe that Kevin O'Keefe violated 2 U.S.C. § 441a(a)(1)(A), but take no further action.

6. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f), by accepting contributions from Kevin M. O'Keefe.

7. Reject the American Federation of Teacher's request for no further action.

8. Take no further action against Mozark Productions, Inc.

9.

10.

11. Enter into conciliation with Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, and the American Federation of Teachers prior to a finding of probable cause to believe.

12. Approve the attached conciliation agreement for the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, and the American Federation of Teachers.

13. Approve the attached Factual and Legal Analysis for Kevin M. O'Keefe.

14. Approve the attached Factual and Legal Analysis for the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer.

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15. Close the file as it pertains to Manatt, Phelps & Phillips; O'Keefe Ashenden Lyons & Ward; Kevin M. O'Keefe; Mozark Productions, Inc.;

16. Approve the appropriate letters.

8/16/96
Date

Lawrence M. Noble by LKBC
Lawrence M. Noble
General Counsel

97043800372

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: AUGUST 23, 1996

SUBJECT: MUR 4172 - GENERAL COUNSEL'S REPORT DATED AUGUST 16, 1996.

The above-captioned document was circulated to the Commission on: Monday, August 19, 1996 at 11:00

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	XXX
Commissioner Elliott	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for: Tuesday, September 10, 1996.

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

9704380037 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4172
Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer;	)	
Manatt, Phelps & Phillips;	)	
O'Keefe Ashenden Lyons & Ward;	)	
Kevin M. O'Keefe;	)	
American Federation of Teachers;	)	
Mozark Productions, Inc.	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on September 10, 1996, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 4172

1. Reject the Clinton for President Committee's request to take no further action with respect to contributions received from Harold Ickes, Paul Carey, Kenneth Brody, Erskine Bowles, Shelia Davis Lawrence, Manatt, Phelps & Phillips, American Federation of Teachers.

(continued)

2. Take no further action against the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, with respect to transactions with O'Keefe Ashenden Lyons & Ward and Mozark Productions, Inc.

3. Take no further action against Manatt, Phelps & Phillips.

4. Take no further action against O'Keefe Ashenden Lyons & Ward.

5. Find reason to believe that Kevin O'Keefe violated 2 U.S.C. § 441a(a)(1)(A), but take no further action.

6. Find reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f), by accepting contributions from Kevin M. O'Keefe.

7. Reject the American Federal of Teacher's request for no further action.

8. Take no further action against Mozark Productions, Inc.

9.

(continued)

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10.

11. Enter into conciliation with Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, and the American Federation of Teachers prior to a finding or probable cause to believe.

12. Approve the conciliation agreement for the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, as attached to the General Counsel's August 16, 1996 report

13. Approve the conciliation agreement for the American Federation of Teachers as attached to the General Counsel's August 16, 1996 report.

14. Approve the Factual and Legal Analysis for Kevin M. O'Keefe, as recommended in the General Counsel's August 16, 1996 report.

15. Approve the Factual and Legal Analysis for the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, as recommended in the General Counsel's August 16, 1996 report.

(continued)

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16. Close the file as it pertains to Manatt, Phelps & Phillips; O'Keefe Ashenden Lyons & Ward; Kevin M. O'Keefe; Mozark Productions, Inc.

17. Approve appropriate letters.

Commissioners Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens was not present.

Attest:

9-13-96
Date

Marjorie W. Emmons
Secretary of the Commission

9704380003377

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: AUGUST 23, 1996

SUBJECT: MUR 4172 - GENERAL COUNSEL'S REPORT DATED AUGUST 16, 1996

The above-captioned document was circulated to the Commission on: Monday, August 19, 1996 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for:
Tuesday, September 10, 1996.

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

9704380037 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Kevin M. O'Keefe
106 Old Exec. Ofc. Bldg.
17th & Pennsylvania Ave., N.W.
Washington, D.C. 20503

September 17, 1996

RE: MUR 4172
Kevin M. O'Keefe

Dear Mr. O'Keefe:

On September 10, 1996, the Federal Election Commission found reason to believe that you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended, by making an excessive contribution to the Clinton for President Committee. However, after considering the circumstances of this matter, the Commission decided to take no further action and closed its file as it pertains to you. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Please be advised that your total amount of contributions violated the contribution limitation at 2 U.S.C. § 441a(a)(1)(A). The Commission reminds you that "advances" for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of, a candidate or a political committee are considered contributions. *See* 11 C.F.R. § 116.5(b). You should take steps to ensure that you abide by the contribution limitation and this regulation in the future.

The file will be made public within 30 days after this matter has been closed with respect to all other respondents. You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter.

If you have any questions, please contact Peter G. Blumberg, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Kevin M. O'Keefe MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee, Inc. ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); *see also* Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382-83 (June 27, 1989). If the individual's transportation and subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. *Id.*

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When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5; *see also* Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. *Id.*; *see also* MUR 1349 (Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

Kevin M. O'Keefe made expenditures for the Committee for his personal expenses and the travel and subsistence of others in late 1991 and billed the Committee only in April 1992, and was paid by the Committee in September 1992. The advances totaled $6,417. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b).

Therefore, there is reason to believe that Kevin M. O'Keefe violated 2 U.S.C. § 441a(a)(1)(A) by knowingly making contributions in excess of the contribution limitations.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 16, 1996

Lyn Utrecht
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Ave., N.W.
Washington, D.C. 20007

RE: MUR 4172
American Federation of Teachers

Dear Ms. Utrecht:

On September 12, 1995, the American Federation of Teachers was notified that the Federal Election Commission found reason to believe that it violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act, as amended. On October 24, 1995, the American Federation of Teachers submitted a response to the Commission's reason to believe finding, and requested that the Commission take no further action.

After considering the circumstances of the matter, the Commission determined on September 10, 1996, to reject the request to take no further action against the American Federation of Teachers. In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing pre-probable cause conciliation and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

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

Sincerely,

Peter G. Blumberg
Attorney

Enclosure
Conciliation Agreement

9704380038 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Ronald B. Turovsky
Manatt, Phelps & Phillips
11355 W. Olympic Blvd.
Los Angeles, CA 90064

September 16, 1996

RE: MUR 4172
Manatt, Phelps & Phillips

Dear Mr. Turovsky:

On September 12, 1995, Manatt, Phelps & Phillips was notified that the Federal Election Commission found reason to believe that it violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act, as amended. On October 18, 1995, Manatt, Phelps & Phillips submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on September 10, 1996, to take no further action against Manatt, Phelps & Phillips, and closed the file as it pertains to this respondent. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) remain in effect with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

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

Sincerely,

Peter G. Blumberg
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Patricia Ann Fiori , Esq.
P.O. Box 8
Charles Town, WV 25414

September 16, 1996

RE: MUR 4172
O'Keefe Ashenden Lyons & Ward

Dear Ms. Fiori:

On August 28, 1995, O'Keefe Ashenden Lyons & Ward was notified that the Federal Election Commission found reason to believe that it violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act, as amended. On November 24, 1995, O'Keefe Ashenden Lyons & Ward submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on September 10, 1996, to take no further action against O'Keefe Ashenden Lyons & Ward, and closed the file as it pertains to this respondent. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) remain in effect with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

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

Sincerely,

Peter G. Blumberg
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 16, 1996

Kenneth A. Gross
Skadden, Arps, Slate, Meagher & Flom
1440 New York Ave., N.W.
Washington, D.C. 20005

RE: MUR 4172
Mozark Productions, Inc.

Dear Mr. Gross:

On August 28, 1995, Mozark Productions, Inc. was notified that the Federal Election Commission found reason to believe that it violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act, as amended. On November 22, 1995, Mozark Productions, Inc. submitted a response to the Commission's reason to believe finding.

After considering the circumstances of the matter, the Commission determined on September 10, 1996, to take no further action against Mozark Productions, Inc., and closed the file as it pertains to this respondent. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) remain in effect with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

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

Sincerely,

Peter G. Blumberg
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 17, 1998

Lyn Utrecht
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Ave., N.W.
Washington, D.C. 20007

RE: MUR 4172
Clinton for President Committee

Dear Ms. Utrecht:

On September 12, 1995, the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, were notified that the Federal Election Commission found reason to believe that they violated 2 U.S.C. 441a(f) and 441b. The Clinton for President Committee responded to these findings on October 26, 1995.

On September 10, 1996, the Commission decided to take no further action against the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, with respect to violations relating to transactions with Mozark Productions, Inc. and O'Keefe Ashenden Lyons & Ward. However, since some of the contributions from O'Keefe Ashenden Lyons & Ward were attributable to Kevin O'Keefe in his capacity as a staff member of the Clinton for President Committee, the Commission found reason to believe that the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f), by receiving excessive

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contributions from Kevin O'Keefe. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

On September 10, 1996, the Commission rejected a request by the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, to take no further action with respect to transactions involving staff members Harold Ickes, Paul Carey, Kenneth Brody, Erskine Bowles, Shelia Davis Lawrence. On this same date, the Commission rejected a request by the Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer, to take no further action with respect to transactions involving Manatt, Phelps & Phillips and American Federation of Teachers.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing pre-probable cause conciliation and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions, please contact Peter G. Blumberg, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Clinton for President Committee,
and J.L. "Skip" Rutherford, as treasurer

MUR: 4172

This matter was generated by information obtained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities pursuant to the Federal Election Campaign Act of 1971, as amended ("the Act"). 2 U.S.C. § 437g(a)(2). The information is based on contributions made to the Clinton for President Committee ("the Committee").

The Act states that no person may make contributions to any candidate and his or her authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). Similarly, no political committee may receive contributions in excess of that limit. 2 U.S.C. § 441a(f).

The payment by an individual from his or her personal funds for the costs incurred in providing goods or services to, or obtaining goods or services that are used by or on behalf of a political committee is a contribution. 11 C.F.R. § 116.5(b). However, two exemptions exist. First, an individual may spend an aggregate of $1,000 per election for personal transportation expenses on behalf of a candidate without such expenditures counted as contributions. 11 C.F.R. §§ 100.7(b)(8) and 116.5(b). Second, advances of personal funds will not be considered contributions if they are for the individual's personal transportation expenses or for the usual and normal subsistence expenses of the individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate or a political committee of a political party. 11 C.F.R. § 116.5(b); *see also* Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382-83 (June 27, 1989). If the individual's transportation and

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subsistence expenses are paid by personal credit card, they must be reimbursed within 60 days after the closing date of the billing statement on which the charge first appears, or if a personal credit card was not used, within 30 days after the date on which the expenses were incurred. *Id.* When an individual incurs expenses for the subsistence of others, a contribution occurs at the time the financial obligation is incurred, regardless of when the payment is due or when the individual pays the debt. 11 C.F.R. § 116.5; *see also*, Explanation and Justification for 11 C.F.R. § 116.5(b), 55 *Fed. Reg.* 26382 (June 27, 1989).

The Commission intended section 116.5 to provide a limited exception to the general rules governing contributions for an individual's personal transportation expenses, and for usual and normal subsistence expenses of an individual who is not a volunteer. Explanation and Justification for 11 C.F.R. § 116.5, 55 *Fed. Reg.* 26382-3 (June 27, 1989). The Commission also adopted section 116.5 out of concern that during critical periods in a campaign when an authorized committee is experiencing financial difficulties, individuals may attempt to circumvent the contribution limitations by paying committee expenses and not expecting reimbursement for substantial periods of time. *Id.*; *see also* MUR 1349 (Commission found probable cause to believe the that Reagan for President Committee violated 2 U.S.C. § 441a(f) by waiting 81 days to reimburse a volunteer who paid $18,713 in expenses on behalf of the committee.).

Kevin M. O'Keefe made expenditures for the Committee for his personal expenses and the travel and subsistence of others in late 1991 and billed the Committee only in April 1992, and was paid by the Committee in September 1992. The advances totaled $6,417. Because these expenditures were for the subsistence of others, these expenditures resulted in contributions to the Committee at the time he incurred such expenditures. 11 C.F.R. § 116.5(b).

Therefore, there is reason to believe that the Clinton for President Committee, J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by receiving contributions in excess of the contribution limitations.

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OLDAKER, RYAN, PHILLIPS & UTRECHT
ATTORNEYS AT LAW
818 CONNECTICUT AVENUE, N.W.
SUITE 1100
WASHINGTON, D.C. 20006

(202) 728-1010
FACSIMILE (202) 728-4044

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COUNSEL
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October 17, 1996

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COMMISSION
OFFICE OF GENERAL
COUNSEL

Peter G. Blumberg
Attorney
Federal Elections Commission
Washington, DC 20463

RE: MUR 4172
American Federation of
Teachers

Dear Mr. Blumberg:

This letter is in response to the Federal Election Commission's ("FEC" or "the Commission") finding on September 16, 1996 that there is reason to believe that the American Federation of Teachers ("AFT") violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("FECA" or "the Act") and 11 C.F.R. § 100.7(a)(1). All of the facts in this matter, including the disclaimer, the prompt billing and the payment in full, demonstrate conclusively AFT's efforts to comply fully with the law. We renew our earlier requests that the Commission take no further action and close the file in this matter.

I. The Committee and AFT fully intended and made proper reimbursement for use of the New York Times column, and therefore, no contribution resulted.

The Commission's Factual and Legal Analysis ("Staff Analysis") alleges that AFT advanced the costs for the April 5, 1992 New York Times column of Albert Shanker, President of AFT, endorsing then-presidential candidate Bill Clinton. As stated in our prior response, at the time of publication of the newspaper column in question, AFT had not paid for the use of the space, and thus, no contribution could have occurred. In addition, the intent of both the AFT and the Clinton for President Committee ("the Committee") was for the Committee to pay the bill promptly upon receipt from the AFT. Due to a clerical mistake, the May 14, 1992 invoice inadvertently identified the payee as AFT, not Clinton for President and the invoice was never routed to the Committee's accounting department, and thus, not paid at that time. Had the invoice been properly routed, the Committee would have paid AFT for the use of this space during the same time period that AFT paid Glaberman Advertising. The intent of both parties was that the

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Committee pay in full for the use of the space and the fact that a mistake occurred in issuance of the invoice should not transform a permissible transaction into a violation.

II. AFT did not make a contribution because the newspaper column is of such long-standing duration as to constitute permissible use of a facility in connection with a Federal election as long as a labor organization is reimbursed within a commercially reasonable time.

The Commission regulations permit candidate committees to use labor organization facilities in connection with a Federal election as long as the labor organization is reimbursed within a commercially reasonable time. 11 C.F.R. § 114.9(d). Mr. Shanker's column is an appropriate use of facilities within the meaning of this provision. AFT sent out the proper billing for the space within two weeks of its receipt of the invoice from Glaberman Advertising. AFT then billed the Committee after they received the invoice. As previously explained, an error in the invoice prevented the proper department of the Committee from receiving the invoice and making proper payment. When the error was discovered, AFT immediately sent a second invoice to the Committee. In turn, the Committee paid this invoice within three weeks of receipt. Thus, AFT clearly billed and received proper payment from the Committee for use of the column space in accordance with the standard set forth in 11 C.F.R. § 114.9(d).

III. Due to the uncertainty in Commission regulations regarding candidate appearances and endorsements, a substantial legal question remains as to whether the Committee needed to pay for the advertising space at all.

Even though AFT made painstaking efforts to ensure that the invoice was properly paid and that no contribution resulted to the Committee in violation of 11 C.F.R. § 114.9(d), the legal question remains whether the Committee needed to pay for the advertising space at all. The Commission permits labor organizations to communicate its endorsement of candidates through its customary press channels and state the reasons therefore, but the regulations do not delineate how such endorsements may be announced. Since Mr. Shanker's column is his primary method of communication to the press, this column was an appropriate method to communicate AFT's endorsement. As previously argued, due to the uncertainty surrounding the Commission's policy in this area, it is clear that the FEC regulations in effect in 1992 do not provide sufficient guidance in this area. These regulations should not be the basis for enforcement action for events that occurred over three and a half years ago, particularly since the Committee in fact paid for the costs in full.

In summary, all of the facts in this matter, including the disclaimer, the prompt billing and the payment in full, demonstrate conclusively AFT's efforts to comply fully with the law. This communication was in fact an endorsement communicated through the regular press channels of AFT, and therefore, was a permissible communication by AFT.

9704380039 1

As stated in our previous letter of October 24, 1995, AFT and the Committee fully intended the Committee to pay for use of the New York Times column. Due to a clerical error, the Committee did not make payment on the invoice until February 1993.

If you have any further questions, please contact me at (202) 728-1010.

Sincerely,

Lyn Utrecht

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
1997 JUL 23 3 02 PM '96

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4172
American Federation of Teachers	)	
	)	**SENSITIVE**
	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On August 15, 1995, the Commission found reason to believe that the American Federation of Teachers ("AFT") violated 2 U.S.C. § 441b by making an in-kind contribution of $12,125.68 to the Clinton for President Committee. On September 10, 1996, the Commission decided to enter into conciliation with AFT prior to a finding of probable cause to believe and approved a conciliation agreement with a proposed civil penalty

9704380039 3

Therefore, the Office of General Counsel recommends that the Commission accept this conciliation agreement and close the file with respect to AFT.

III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with respondent American Federation of Teachers;

2. Close the file with respect to respondent American Federation of Teachers; and

3. Approve the appropriate letter.

11/25/96
Date

Lawrence M. Noble
General Counsel

97043800394

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
American Federation of Teachers.) MUR 4172

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 27, 1996, the Commission decided by a vote of 5-0 to take the following actions in MUR 4172:

1. Accept the conciliation agreement with respondent American Federation of Teachers, as recommended in the General Counsel's Report dated November 25, 1996.

2. Close the file with respect to respondent American Federation of Teachers.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated November 25, 1996.

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

Attest:

11-27-96
Date

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

Received in the Secretariat: Mon., Nov. 25, 1996 3:08 p.m.
Circulated to the Commission: Mon., Nov. 25, 1996 4:00 p.m.
Deadline for vote: Fri., Nov. 29, 1996 4:00 p.m.

bjr

97043800395

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 4, 1996

Lynn Utrecht, Esq.
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20006

RE: MUR 4172
American Federation of Teachers

Dear Ms. Utrecht:

On November 27, 1996, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter as it pertains to American Federation of Teachers.

This matter will become public within 30 days after it has been closed with respect to all other respondents involved. Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 219-3690 or (800) 424-9530.

Sincerely,

Peter G. Blumberg
Attorney

Enclosure
Conciliation Agreement

97043800396

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
American Federation of Teachers	)	MUR 4172
	)	

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

NOV 13 3 28 PM '96

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its responsibilities under 26 U.S.C. § 9038(a). The Commission found reason to believe that the American Federation of Teachers ("Respondent") violated 2 U.S.C. § 441b.

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Clinton for President Committee ("the Committee") was the principal campaign committee for the presidential primary nomination campaign of William J. Clinton.

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2. The Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

3. It is unlawful for any labor organization to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer of any labor organization to consent to any expenditures by the labor organization which may be prohibited contributions to candidates or committees. *Id.* It is also unlawful for any candidate or political committee to accept or receive any contribution from a labor organization. *Id.*

4. American Federation of Teachers ("AFT") advanced the costs of a newspaper article on behalf of the Committee. The Committee failed to pay the invoice for a significant amount of time (10 months), and AFT made no effort during that time to collect the funds. AFT contends that, due to a clerical mistake, the first invoice the AFT sent to the Committee for the costs of a newspaper article was not properly routed for payment. Upon notice of the error, AFT sent the invoice to the appropriate department of the Committee to collect the funds, and this invoice was paid within three weeks of receipt. The cost of the newspaper article was $12,125.68.

V. Respondent violated 2 U.S.C. § 441b when it made a prohibited contribution to the Committee.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of $2,000 (two thousand dollars), 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

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compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than 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

12/4/96
Date

FOR THE RESPONDENTS:

Lyn Utrecht
Counsel

11/13/96
Date

9704380039

Bill Clinton
FOR PRESIDENT COMMITTEE

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Feb 14 9 32 AM '97

February 10, 1997

Peter Blumberg, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, NW
6th Floor
Washington, DC 20463

Re: MUR 4172, Clinton for President Committee

Dear Peter:

In response to your request, enclosed please find a check in the amount of fifteen thousand dollars representing the proposed civil penalty in MUR 4172.

Please let me know if there is any further information which you may need.

Sincerely,

Lyn Utrecht

Lyn Utrecht

Enclosure

97043800400C

Printed on Recycled Paper
Paid for by the Clinton for President Committee
Contributions to the Clinton for President Committee are not tax deductible

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 12, 1997

FEB 14 9 32 AM '97

TWO WAY MEMORANDUM

TO: OGC Docket

FROM: Rosa E. Swinton, Accounting Technician
Leslie D. Brown, Disbursing Technician

SUBJECT: Account Determination for Funds Received

We recently received a check from **CLINTON CAMPAIGN GENERAL ELECTION**, check number **1615**, dated **February 07, 1997**, for the amount of **$15,000.00**. A copy of the check and any correspondence is being forwarded. Please indicate below which account the funds should be deposited and give the MUR/Case number and name associated with the deposit.

==========

TO: Rosa E. Swinton, Accounting Technician
Leslie D. Brown, Disbursing Technician

FROM: OGC Docket

SUBJECT: Disposition of Funds Received

In reference to the above check in the amount of $15,000.00 the MUR/Case number is 4773 and in the name of Clinton Camp. Gen. Election. Plac e this deposit in the account indicated below:

✓ Budget Clearing Account (OGC), 95F3875.16

___ Civil Penalties Account, 95-1099.160

___ Other: _____

Retha L. Dixon
Signature

2-14-97
Date

97043800401

1615

CLINTON CAMPAIGN GENERAL ELECTION
LEGAL & ACCOUNTING COMPLIANCE FUND
P.O. BOX 2741
LITTLE ROCK, AR 72203

DATE February 7, 1997 61-7/820

PAY TO THE ORDER OF U.S. Treasury $15,000.00

Fifteen thousand dollars and zero cents ********** DOLLARS

BOATMEN'S NATIONAL BANK
OF ARKANSAS
LITTLE ROCK, ARKANSAS 72203

FOR [redacted] MUR 4172

Shannon Tanner
John R. Tisdale

⑈001615⑈ ⑆082000073⑆ 00860 7⑈535⑈0⑈

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
FEB 25 11 39 AM '97

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 4172
Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer	)	**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On August 15, 1995, the Commission found reason to believe in MUR 4172 that the Clinton for President Committee ("the Primary Committee"), and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) by receiving excessive contributions from various individuals and entities.

For the reasons stated herein, the Office of General Counsel

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recommends that the Commission accept the conciliation agreement submitted by the Primary Committee, and close the file in MUR 4172.

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III. RECOMMENDATIONS

1. Accept the attached conciliation agreement with respondent Clinton for President Committee, and J.L. "Skip" Rutherford, as treasurer;

2. Close the file with respect to MUR 4172;

3. Approve the appropriate letter

2/25/97
Date

Lawrence M. Noble
General Counsel

FEDERAL ELECTION COMMISSION
Washington, DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE ROSS
COMMISSION SECRETARY

DATE: MARCH 3, 1997

SUBJECT: MUR 4172 - General Counsel's Report

The above-captioned document was circulated to the Commission on **Wednesday, February 26, 1997**.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	_
Commissioner Elliott	_
Commissioner McDonald	XXX
Commissioner McGarry	XXX
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for **Tuesday, March 11, 1997**.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 4172
Clinton for President Committee and J.L. "Skip" Rutherford as treasurer;	)	
	)	
	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on March 11, 1997, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions with respect to MUR 4172

1. Accept the conciliation agreement with respondent Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, as recommended in the General Counsel's February 25, 1997 report;

2. Close the file with respect to MUR 4172;

3. Approve the appropriate letter as recommended in the General Counsel's February 25, 1997 report

(continued)

97043800407

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

Attest:

3-12-97
Date

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

97043000403

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Patricia Ann Fiori, Esq.
P.O. Box 8
Charles Town, WV 25414

RE: MUR 4172
O'Keefe Ashenden Lyons & Ward

Dear Ms. Fiori:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

97043800409

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Kenneth A. Gross
Skadden, Arps, Slate, Meagher & Flom
1440 New York Ave., N.W.
Washington, D.C. 20005

RE: MUR 4172
Mozark Productions, Inc.

Dear Mr. Gross:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704300041C

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Ronald B. Turovsky
Manatt, Phelps & Phillips
11355 W. Olympic Blvd.
Los Angeles, CA 90064

RE: MUR 4172
Manatt, Phelps & Phillips

Dear Mr. Turovsky:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Lyn Utrecht
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Ave., N.W.
Washington, D.C. 20007

RE: MUR 4172
American Federation of Teachers

Dear Ms. Utrecht:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Kevin M. O'Keefe
106 Old Exec. Ofc. Bldg.
17th & Pennsylvania Ave., N.W.
Washington, D.C. 20503

RE: MUR 4172

Dear Mr. O'Keefe:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380041 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Erskine Bowles
227 W. Trade Street #2400
Charlotte, NC 28202

RE: MUR 4172

Dear Mr. Bowles:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380041 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Shelia Davis Lawrence
1500 Orange Avenue
Coronado, California 92118

RE: MUR 4172

Dear Ms. Davis Lawrence:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380415

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Harold Ickes
3107 Dumbarton Street, N.W.
Washington, D.C. 20007

RE: MUR 4172

Dear Mr. Ickes:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380041 6

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Paul Carey
700 New Hampshire Avenue, N.W.
Washington, D.C. 20037

RE: MUR 4172

Dear Mr. Carey:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380041 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Kenneth Brody
2991 Woodland Drive, N.W.
Washington, D.C. 20008

RE: MUR 4172

Dear Mr. Brody:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380041 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Aaron Gural
Chairman of the Board
Newmark & Company Real Estate, Inc.
1501 Broadway, 17th floor
New York, NY 10036-5669

RE: MUR 4172

Dear Mr. Gural:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

97043800419

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Greg Arnold
Vice President
TAC Air, Inc.
Rt. 12, Box 6388-2
Texarkana, AR 75502

RE: MUR 4172

Dear Mr. Arnold:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

9704380042C

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Walter Kyle
4 Faneuil Hall
Boston, MA 02109-1632

RE: MUR 4172

Dear Mr. Kyle:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

97043800421

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 20, 1997

Tucker Sutherland
President
Sutherland Company
7750 Broadway St.
San Antonio, TX 78209

RE: MUR 4172

Dear Mr. Sutherland:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

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

Sincerely,

Peter G. Blumberg
Attorney

97043800422

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 24, 1997

Lyn Utrecht, Esq.
Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20006

RE: MUR 4172
Clinton for President Committee and
J.L. "Skip" Rutherford, as treasurer

Dear Ms. Utrecht:

On March 11, 1997, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441a(f) and 441b, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. Enclosed you will find a copy of the fully executed conciliation agreement for your files.

Please be advised that the confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and MUR 4172 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.

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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 record.

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

Sincerely,

Peter G. Blumberg
Attorney

Enclosure
Signed Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Clinton for President Committee	)	
and J.L. "Skip" Rutherford,	)	MUR 4172
as treasurer	)	
	)	
	)	

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COMMISSION
OFFICE OF GENERAL
COUNSEL
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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its responsibilities under 26 U.S.C. § 9038(a). The Commission found reason to believe that the Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) and 441b.

NOW, THEREFORE, the Commission and the Clinton for President Committee, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Clinton for President Committee and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. The Clinton for President Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The Clinton for President Committee enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter with respect to the Clinton for President Committee are as follows:

1. The Clinton for President Committee was the principal campaign committee for the 1992 presidential primary nomination campaign of William J. Clinton.

2. The Clinton for President Committee is a political committee within the meaning of 2 U.S.C. § 431(4).

3. Individuals are prohibited from making contributions to candidates, their authorized committees or agents, with respect to any election for federal office which, in the

aggregate, exceed $1,000. 2 U.S.C. § 441a(a)(1)(A). No officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate in violation of any limitation imposed on contributions and expenditures. 2 U.S.C. § 441a(f).

4. Under 11 C.F.R. § 116.5(b), expenditures made on behalf of a political committee by an individual from his or her personal funds, or advances, are contributions unless exempt from the definition of contribution under 11 C.F.R. § 100.7(b)(8), or unless they are made for an individual's personal transportation expenses, and for the usual and normal subsistence expenses of an individual who is not a volunteer, where such expenses are incurred while the individual is traveling on behalf of a candidate. This exemption only applies, however, if the individual's transportation and subsistence expenses are reimbursed within sixty days if the advance was paid by credit card transactions or thirty days in other cases.

5. Two staff persons of the Clinton for President Committee made expenditures from personal funds for transportation, subsistence and other expenses and were not reimbursed within sixty days for credit card payments or within thirty days for other payments. The expenditures of the two staff at their highest points reached $14,248.00, in the aggregate. Some of the expenses were for personal subsistence expenses. *See* 11 C.F.R. § 100.8(b)(8). The Committee fully reimbursed the individuals, but not within the thirty or sixty day time period, where appropriate. *See* 11 C.F.R. § 116.5. The reimbursements were made prior to the commencement of this matter.

6. Four volunteers of the Clinton for President Committee made expenditures from personal funds for fundraising and other expenses and were not reimbursed within sixty days for credit card payments or within thirty days for other payments. The expenditures of the four volunteers at their highest points reached $50,551.00, in the aggregate. The Committee fully reimbursed the individuals prior to the commencement of this matter.

7. Manatt, Phelps & Phillips advanced the costs of a April 26, 1992 luncheon held for the benefit of the Clinton for President Committee. The cost of the luncheon was $7,402.93. The Committee contends that its understanding was that the firm regularly arranged for non-political clients to hold events under similar circumstances. All of the expenses were fully reimbursed by the Committee on August 7, 1992 and September 12, 1992.

8. It is unlawful for any labor organization to make a contribution or expenditure in connection with any federal election to any political office. 2 U.S.C. § 441b(a). It is also unlawful for any officer of a labor organization to consent to any expenditures of labor organizations funds which may be prohibited contributions to candidates or committees. *Id.* It is also unlawful for any candidate or political committee to accept or receive any contribution from a labor organization. *Id.*

9. American Federation of Teachers advanced the costs of a newspaper article on behalf of the Clinton for President Committee. The Clinton for President Committee failed to

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pay the invoice for a significant amount of time (10 months), and AFT made no effort during that time to collect the funds. The cost of the newspaper article was $12,125.68. The Committee contends that, due to an inadvertent clerical error, it did not receive the original invoice. The correct invoice was paid within three weeks of receipt.

V. 1. The Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) when they received excessive contributions from their two staff members and four volunteers.

2. The Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441a(f) when they received an excessive contribution from Manatt, Pheips & Phillips.

3. The Clinton for President Committee and J.L. "Skip" Rutherford, as treasurer, violated 2 U.S.C. § 441b when they received a prohibited contribution from American Federations of Teachers.

VI. The Clinton for President Committee will pay a civil penalty to the Federal Election Commission in the amount of $15,000 (Fifteen thousand dollars), 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 of 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. The Clinton for President Committee shall have no more than 60 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

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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 be either party or by agents or either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

3/21/97
Date

FOR THE RESPONDENTS:

Lyn Utrecht
Counsel for the Clinton for President Committee

1/31/97
Date

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4172

DATE FILMED 4-25-97 CAMERA NO. 1

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