



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4358

DATE FILMED 9-15-97 CAMERA NO. 4

CAMERAMAN JmH

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BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA

In the matter of:

James C. Miller, III
Miller for Senate Committee
Commonwealth PAC

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Matter Under Review 4358

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

MAY 6 3 28 PM '96

COMPLAINT

Despite his campaign slogan of "fiscal conservatism and balanced budgets", James C. Miller, III, has illegally used a state political action committee funded by corporate and unlimited individual contributions to keep his 1996 U.S. Senate campaign operating and to reduce his personal debt from his 1994 race. Miller, an economist, apparently turned to the illegal scheme because, far from being fiscally sound, his campaigns and PACs were unable to raise sufficient federal dollars and amassed crippling deficits that has tarnished his chances for electoral success, according to reports on file with the Federal Election Commission ("FEC" or "Commission") and the Virginia Board of Elections.

By having Senate campaign fundraising costs, personnel and operating expenses paid by Commonwealth PAC,¹ a Virginia political action committee that accepts unlimited corporate and individual contributions under state law, Miller has violated the basic tenant of the Federal Election Campaign Act ("Act") that permits only certain sources of donations to federal candidates. The FEC has severely punished other candidates caught in this most fundamental of

¹ In addition, while Miller's reports filed with the FEC and Virginia State Board of Elections are too vague to shed light on all the possible violations, upon information and belief, the FEC needs to investigate possible illegal in-kind contributions from Commonwealth PAC to Miller's federal campaigns for: polling and travel expenses, the telephone and computer systems, testing the waters activities, subscription expenses and other miscellaneous in-kind expenses.

violations (see e.g., MUR 3367), and immediate action is necessary here to ensure that Miller's violations do not further impugn the 1996 Virginia Senate election.

Miller's scheme to rescue his floundering Senate campaigns was based on a classic bait-and-switch -- that the state PAC would "raise money for state candidates" in the 1995 Virginia state elections. However, reports filed with Virginia Board of Elections show Commonwealth PAC gave only 1.78 percent (\$1,405) of the \$77,550 it raised to state candidates, 2.4 percent (\$1,900) to state and local party committees, and ceased raising money more than two months before the 1995 Virginia elections. Of the remaining funds, 91 percent of Commonwealth PAC's expenditures had a direct link to Miller's Senate campaigns, including paying \$3,831.66 to Miller or members of his family, and \$48,117.65 to individuals and vendors identified in media reports as members of his 1996 Senate campaign staff but who received payments only from Commonwealth PAC and not the Senate committee in the first six months of 1995. Commonwealth PAC also paid \$19,800 to Miller's 1994 Senate committee for a "computer database", a payment that served to reduce the 1994 committee's debt at a time Miller was beginning his 1996 effort. (The payment to Miller's own 1994 Committee is nearly six times more than Miller's PAC ever contributed to Virginia state candidates or party committees.)

Not only did Miller's state PAC give a minute percentage of its receipts to state candidates (its supposed beneficiaries), it ceased raising money in September 1995 -- two months before the state elections but at the same time his Senate campaign was finally able to support its own operations, according to the FEC reports. And, since all but one of the contributors to the state PAC also became contributors to the 1996 Senate campaign, it appears that the state PAC

was actually intended to underwrite the 1996 Senate campaign's fundraising, rather than meeting its publicly stated objective of raising funds for state candidates.

Thus, the activities of Commonwealth PAC furthered Jim Miller's federal campaign, a clear violation of the Act. There is no indication on either the federal or state reports of any reimbursement from the federal committee to the state PAC. Therefore, under the Act and FEC precedents, all expenses associated with Commonwealth PAC constitute illegal in-kind contributions to the Miller for Senate Committee, a violation of 2 U.S.C. § 441b.

Miller's use of illegal non-federal funds in a U.S. Senate race means donors to Commonwealth PAC may have been illegally contributing to a federal race, depending on whether Miller and his cronies told the potential donors their funds would help his Senate race. The Commission must investigate. In particular, the Commission should investigate Koch Industries, which gave \$25,000 to Commonwealth PAC and whose PAC and connected individuals gave \$18,750 to Miller's federal campaigns.

It also appears that Miller failed to file his 1996 principle federal campaign committee in a timely fashion. While he filed his Statement of Candidacy and Statement of Organization in March 1995, Commonwealth PAC's state reports for earlier months show payments to certain vendors for goods and services that appear related to the Senate campaign. Therefore, Miller's 1996 campaign violated 2 U.S.C. §§ 432(e)(1), 432(g)(2) and 433(a) by not registering with the Commission in a timely fashion.

In addition, Miller's reports for 1995 fail to show any payments for "salaries." Rather, there are seven persons listed as "consultants." This suggests Miller believes he is above obeying

the laws that every other employer must obey by failing to withhold federal and state taxes or paying the required FICA (Federal Insurance Contributions Act) tax.

FACTS

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Jim C. Miller III was an unsuccessful candidate for the United States Senate from Virginia in 1994. His 1994 campaign had \$155,230.21 in debts and obligations and \$11,366.68 in cash on hand as of December 31, 1994. Beginning in the late 1994, Miller hinted strongly through public statements and media speculation that he would again run for the Senate in 1996. *See, e.g.*, Richmond Times Dispatch, Dec. 9, 1994, Attachment 1. The campaign's 1995 mid-year and year-end reports show debts and obligations of \$90,929.64.

On October 30, 1994 Miller announced that he would form two political action committees. Attachment 2. Commonwealth PAC, according to an October 30, 1994 press release, would be a state PAC whose "major purpose is to support conservative (Republican) candidates for state office" in the 1995 Virginia state elections. The release also noted: "Financial support for Commonwealth PAC will be governed by state law, which allows unlimited contributions from persons, PACs and corporations." *Id.* It raised \$77,550.

The second PAC, according to the press release, was Nation PAC, whose "major purpose is to support conservative (Republican) candidates for federal office in the 1994 Congressional cycle and to identify and nurture candidates for the 1996 Presidential and Congressional cycle." *Id.* It raised \$1,050 in 1994 and \$2,000 in 1995.

On March 6, 1995, Miller filed his Statement of Candidacy and Statement of Organization with the FEC for his 1996 U.S. Senate race. His mid-year 1995 report shows

\$193,341.57 raised, only \$26,767.87 spent, and \$176,573.70 cash-on-hand. Miller's year-end report shows an additional \$220,024.06 raised; \$322,384.52 spent and \$65,241.83 cash-on-hand.

During the period it was supposed "to support" state candidates, Commonwealth PAC gave only \$1,405 to state candidates and \$1,900 to state and local party committees, according to Virginia Board of Elections reports. In addition to minimal overhead expenses, the state PAC spent its remaining \$71,749.31 on items (including staff and vendors) with a direct link to Miller's Senate campaigns. Nation PAC, Miller's federal PAC, raised \$2,000 and spent \$1,800 on vendors with a direct link to Miller's Senate campaign, according to FEC reports.

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These illegal state PAC payments for Senate campaign operating expenses allowed the Senate campaign to keep as much money as possible in the bank and limit its spending to attempting to generate a direct mail fundraising operation. The 1996 campaign spent \$26,767.87 in the first six months of 1995, with \$1,500 going to Miller's son and treasurer, Felix Miller. The rest of the expenditures went to the Delta Group, Annandale, Va. fundraising consultants; Mailing Services, Inc. for postage and mailing expenses, and the U.S. Postmasters of Annandale and Richmond for postage and a business reply fee. The 1996 Senate campaign showed no other operating expenditures, meaning that the state PAC absorbed all its other expenses. See Section A, *supra*.

The fact that Commonwealth PAC ceased to exist, for all practical purposes, two months before the November Virginia state elections is a further indication that the state PAC's sole reason for being was to underwrite the Senate campaign. Commonwealth PAC raised only \$2,000 from July 1 to August 31, 1995, and no money after that date, according to the state reports. So much had Miller's attention's apparently shifted to his Senate race (as opposed to the

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November state elections) that he had to loan the state PAC \$5,000 on August 15, 1995 (the heart of the state campaign season) to pay off the state PAC's bills.² This ending of operations coincided with the start of the Senate campaign raising money from direct mail. At this same time, the compensation for the individual running the state PAC was shifted to the Senate committee instead of the state PAC, and the Senate committee began to pay rent and utilities and other essentials of a campaign. Accordingly, the time of the winding down of Commonwealth PAC's operations provides additional evidence that its purpose was not to aid Virginia state candidates in the 1995 elections, but rather to allow Miller to use illegal funds to underwrite the launch of his 1996 U.S. Senate campaign. Once the Senate campaign was able to raise enough funds, the state PAC could be shut down, irrespective that the state elections (the PAC's supposed purpose) were still two months away.

LAW

Under 2 U.S.C. § 441a(a)(1)(A), 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. The term "person" includes an individual, partnership, committee, association, corporation, labor organization or any other organization or group of persons.

2 U.S.C. § 431(11).

Under 2 U.S.C. § 441a(a)(2)(A), no multi-candidate political committee shall make contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed \$5,000.

² Commonwealth PAC raised no money in September, October or November, according to the state board of elections reports.

Under 2 U.S.C. § 441a(f), no candidate or political committee shall knowingly accept any contribution or make any expenditure in violation of the limitations set forth in section 441a of the Act. Furthermore, 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 under section 441a of the Act.

Under 2 U.S.C. § 441b(a), it is unlawful for any candidate, political committee, or other person knowingly to accept or receive any contribution from a corporation or labor organization in connection with a federal election.

2 U.S.C. § 431(8)(A)(i) provides that the term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. The term "anything of value" includes all in-kind contributions. 11 C.F.R. § 100.7(a)(1)(iii)(A) (1987). The regulations further provide that unless specifically exempted under 11 C.F.R. § 100.7(b), the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution. 11 C.F.R. § 100.7(a)(1)(iii)(A) (1987).

2 U.S.C. § 431(2) requires that a political committee must register with the FEC once it has collected or spent \$5,000 advocating the election or defeat of a federal candidate.

DISCUSSION

I. CANDIDATE MILLER USED A STATE POLITICAL ACTION COMMITTEE WHICH ACCEPTED ILLEGAL FEDERAL MONEY TO FUND HIS 1996 U.S. SENATE CAMPAIGN AND REDUCE THE DEBT OF HIS 1994 U.S. SENATE CAMPAIGN.

A. CANDIDATE MILLER'S STATE PAC ILLEGALLY UNDERWROTE THE COSTS OF THE 1996 SENATE RACE.

Miller, faced with large debts from his 1994 election and disappointing fundraising for his 1996 race, turned to Commonwealth PAC, a Virginia state PAC permitted to receive contributions that are illegal in a federal race. As spending reports on file with the FEC and the Virginia Board of Elections show, Miller used the state PAC to pay costs of both his 1996 campaign committee and his 1994 committee. The 1996 committee used Commonwealth PAC:

- as a vehicle to pay persons who worked on the Senate campaign but received no compensation from it in the first half of 1995;
- to pay vendors who, upon information and belief, were doing work for the 1996 Senate race but were being compensated by the state PAC;
- to pay for the basic costs of the Senate campaign so that the Senate campaign could conserve its scarce resources;
- as a vehicle to identify, and perhaps solicit, donors for the 1996 Senate race;
- to pay for Miller's personal travel around the state, which included appearances at which he advocated his election to the United States Senate; and
- payments to family members who also worked on the Senate campaign.

In total, 91 percent of the money spent by Commonwealth PAC had a direct link to Miller's U.S. Senate campaigns or to Miller and his family, rather than to the 1995 state elections that were its stated purpose.

1. Campaign Staff and Consultants

The 1995 mid-year FEC report for Miller's 1996 Senate campaign show payments to only one individual -- Miller's son, Felix, for \$1,500. He is the treasurer of the campaign and was paid \$1,500. He was also paid \$2,250 by Commonwealth PAC during the same period. The Delta Group, fundraising consultants, received \$6,000 from the campaign and \$9,000 (plus a debt of \$5,492.33) from the state PAC during the same time period.

Three individuals -- Vic Gresham, Boyd Marcus and Jonathan Baron -- are identified in media reports for the first half of 1995 as working for the 1996 campaign:

- A December 9, 1994 Richmond Times Dispatch article hinting at a 1996 Miller candidacy, reported that Gresham was "a consultant to Miller" and that Marcus was a "key adviser". Attachment 1.
- A January 25, 1995 Times Dispatch article reported: "Jonathan Baron, a spokesman for Miller, phoned reporters yesterday to hail the poll results" from a preliminary survey of the Virginia Senate race that showed Senator Warner ahead by 5 points. Attachment 3.
- A January 25, 1995 Commonwealth PAC press release from Vic Gresham, ostensibly about state elections, focused all but the last two of its 17 paragraphs on Senator John Warner or the 1996 Senate race. Attachment 4.
- A March 3, 1995 Times Dispatch article reporting on Miller's announcement for the Senate election stated: "[T]he announcement was expected because he had begun talking about a

run against Warner shortly after the November election. He said he made up his mind during Super Bowl weekend. Miller has hired a campaign director, Vic Gresham of Richmond, and a campaign consultant, M. Boyd Marcus Jr., also of Richmond. He said he would concentrate now on raising money and lining up support." Attachment 5. (emphasis added).

- A March 24, 1995 Times Dispatch article updating the Senate race reported: "Miller ... has not been sitting still, a spokesman for the former Reagan administration budget director said. Jonathan Baron said Miller has been picking up support ... M. Boyd Marcus Jr., a consultant to the Miller campaign, said Miller has a fund-raising goal of \$1 million." Attachment 6.

Miller's 1995 mid-year FEC report shows no payments to Vic Gresham, M. Boyd Marcus and Jonathan Baron. However, all three are listed on Commonwealth PAC state reports as receiving payments:

- Victor Gresham received \$34,000 from Commonwealth PAC before starting to receive payments from the Senate campaign. He received no payments from the Senate committee for the first six months of 1995, despite the press reports describing his role for the Senate campaign during this period. His payments from Commonwealth PAC included \$10,000 for "consulting" in November and December 1994; \$2,000 on January 11, 1995; \$1,000 on February 2, 1995; \$4,500 on March 10, 1995; \$4,500 on April 4, 1995; \$2,000 on April 26, 1995; \$2,000 on May 17; \$4,000 on June 1; \$2,000 on July 5; and \$2,000 on August 14. Miller's FEC reports indicate Gresham is now receiving \$6,500 per month. He also received three \$2,000 payments in July and August 1995 from the Senate campaign,

suggesting an adjustment so that his effective rate was \$6,000 from Miller's various committees for the first six months of 1995. These three payments confirm that Commonwealth PAC was illegally paying Gresham for his work on the Miller's 1996 Senate campaign during the first six months of 1995.

- Jonathan Baron received no payments from Miller's Senate campaign during the period he appeared in press reports as the campaign's "spokesman", but did receive from Commonwealth PAC during this period: \$1,300 for "consulting" plus \$385.23 for "expenses" in January, February and March; \$784 on April 7, 1995 and \$880.09 on May 8, 1995 for "consulting and expenses". These payments demonstrate that Commonwealth PAC was illegally paying Baron for his work on Miller's 1996 Senate campaign during the first six months of 1995.
- MBM Consulting Services, the company owned by Boyd Marcus, received no payments from Miller's Senate committee for the time period he was identified as a "consultant" to the campaign, but did receive from Commonwealth PAC \$268.33 for "expenses" on January 23, 1995 and \$1,500 for "expense reimbursement" on May 12, 1995. These payments demonstrate that Commonwealth PAC was illegally paying for Marcus' work on Miller's 1996 Senate campaign during the first six months of 1995.

2. Campaign's Operating Expenses

Miller's 1996 Senate committee's report for the first six months of 1995 shows no payments for such campaign essentials as salaries, rent, utilities, computers, office supplies and furniture. Since the campaign's personnel were being compensated by Commonwealth PAC, and not the campaign, the Commission must investigate whether the state PAC was also providing

unreimbursed, and therefore illegal, rent, utilities, computers, office supplies, fax facilities and furniture to the federal campaign. If so, the value of these items would be illegal in-kind contributions from a prohibited source, and therefore a violation of 2 U.S.C. § 441b.

Expenditures for these items (except salaries, *see pp. 10-11, infra*) do appear on the Senate campaign's year-end 1995 report, thereby corroborating that an investigation is required. Even if the campaign was being run out of Miller's home (the address on the mid-year FEC report), the costs should have been reported as required by the Act and the Commission's regulations.

3. Underwrite Costs of Fundraising

An evaluation of the activities of Commonwealth PAC also suggests that its unlimited corporate and individual receipts were used to underwrite the costs of fundraising for Miller's 1996 Senate campaign. Indeed, as Attachment 7 demonstrates, all but one of the contributors to the state PAC were also contributors to Miller's Senate campaign, suggesting that the fundraising done by the state PAC may have included a solicitation for the Senate campaign.

As such, the FEC must inquire about the exact content of all solicitations by the state PAC to its contributors and potential contributors. Did the state PAC solicitation in any way indicate that a donation to it would be helpful to Miller's Senate campaign? Were any funds spent by the state PAC that aided the Senate campaign's fundraising, including appearances by Miller? Did the federal campaign ever reimburse the state campaign for the names of donors, as required by the Act.

4. Miller's Travel

During Jim Miller's 1994 race for the U.S. Senate, his campaign committee reimbursed him nearly \$8,000 for travel and expenses. After he announced his Senate candidacy, Miller was reimbursed \$1,581.66 for travel by Commonwealth PAC but was reimbursed nothing by his current Senate campaign committee for 1995 Senate campaign travel.

The FEC regulations state: "Where a candidate conducts any campaign-related activity in a stop, the stop is campaign-related and travel expenditures made are reportable." 11 C.F.R. § 106.3(b)(3). Commonwealth PAC reported paying Miller \$1,581.66 in travel and expenses for the time period in question. Upon information and belief, Miller advocated his election to the United States Senate on some of these trips paid for with illegal federal money by Commonwealth PAC. Accordingly, Miller and his Senate campaign have violated 11 C.F.R. § 106.3 and 2 U.S.C. § 441b.

If Miller personally paid for the travel, or a portion of the travel, advocating his election to the Senate, it must still be reported. 11 C.F.R. § 106.3(b)(1). Accordingly, the Commission must investigate and halt Miller's illegal use of money that is prohibited in federal elections.

Miller's Senate report for the first half of 1995 shows absolutely no payments for travel. Upon information and belief, Miller traveled to advocate his election but failed to report it. Accordingly, the public is being denied the information required by the Act.

5. Campaign Funds for Family Members

Of the \$78,000 raised by Commonwealth PAC, \$3,831.66 went to Jim Miller (\$1,581.66 for travel and expenses) and his son, Felix (\$2,250 for "consulting"). In the 1996 Senate

election, Jim Miller has repaid to himself a \$10,000 loan to the campaign; Felix Miller has received \$9,750 for "consulting" and \$767.10 for "traveling expenses."

The Commission needs to investigate whether this is a violation of the personal use rules, 11 C.F.R. §§ 113.1(g) and 113.2.

B. MILLER'S STATE PAC HELPED REDUCE THE DEBT OF HIS 1994 SENATE COMMITTEE BY PURCHASING A DATA BASE WITH ILLEGAL STATE PAC FUNDS.

In the fall of 1994, Miller's 1994 Senate campaign committee had a deficit in excess of \$155,000. At the same time, according to news reports, he was contemplating a 1996 run for the Senate. See Attachments 1 and 5.

In order to reduce the deficit before beginning his 1996 effort, Miller apparently turned to what would become a reliable source of ready (if federally illegal) funds -- Commonwealth PAC. The state PAC's reports show a \$19,800 payment to the 1994 Senate campaign for the "Purchase of Database" on October 21, 1994.

The FEC must investigate how the fair market value of this database was determined.²¹ Since illegal corporate and individual federal funds went to purchase the database, it is essential to determine how its fair market value was arrived at in order to be certain the purchase by Miller's Commonwealth PAC did not constitute an illegal contribution to the 1994 federal campaign.

²¹ It must have been a very impressive "database". On information and belief, the fair market value for a list of proven donors to political campaigns at the time of this transaction was \$1.25 for 1,000 names.

II. MILLER VIOLATED FEDERAL LAW BY FAILING TO REGISTER FOR A SIGNIFICANT PERIOD AFTER QUALIFYING AS A POLITICAL COMMITTEE.

Federal law requires that a political committee register with the FEC once it has collected or spent \$5,000 advocating the election or defeat of a candidate for federal office. 2 U.S.C. § 431(2). Commonwealth PAC reached this threshold well before Miller filed his March 7, 1995 Statement of Candidacy and Statement of Organization.

It is clear from newspaper accounts in early December and January that Miller was strongly hinting that he would run for the Senate in 1996 and even acting like a candidate. See Attachments 1 and 3. A January 25, 1995 press release on Commonwealth PAC stationery from Gresham, reporting on a meeting of Republican leaders to plan for the 1995 elections, actually focuses on the 1996 Senate election. Attachment 4. There are no entries on either the 1994 or 1996 Miller Senate campaigns to show that federal funds paid for the preparation or distribution of this release.

A March 3, 1995 Times Dispatch article reporting on Miller's actual announcement for the Senate election stated: "[T]he announcement was expected because he had begun talking about a run against Warner shortly after the November election. He said he made up his mind during Super Bowl weekend." Attachment 5.

Commonwealth PAC's state Board of Elections reports show that the PAC had spent more than \$5,000 on Miller's 1996 race during 1994. It had paid more than \$5,000 to Gresham by December 1, 1994, as well as solicited contributions from donors that would be used by the PAC for federal activity on behalf of Miller's 1996 campaign. See Commonwealth PAC Report, Jan. 15, 1995.

Accordingly, Miller failed to file his 1996 Senate committee in a timely fashion and therefore violated the Act. Even if he were found to have filed in a timely fashion, he has failed to report his committee's testing-the-waters expenses. 2 U.S.C. § 432(e)(2); 11 C.F.R. § 101.3.

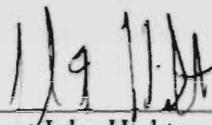
III. MILLER'S 1996 SENATE COMMITTEE IS VIOLATING THE INTERNAL REVENUE CODE BY NOT TREATING PERSONS AS EMPLOYEES AS REQUIRED BY THE LAW.

Miller's campaign is blatantly violating the laws that require treating persons working on a campaign as employees rather than independent contractors, unless they meet the Internal Revenue Service's 20-part test. Miller's reports show that no one on the campaign receives a salary (i.e. is considered an "employee"). Rather, seven people are listed as consultants with no withholding or tax payments by Miller's campaign.

This warrants an investigation (or referral by the FEC to the Internal Revenue Service) of the Miller campaign's failure to do what every enterprise that employs people must do -- comply with the Federal Insurance Contributions Act (FICA) and the Federal Unemployment Tax Act (FUTA). The Internal Revenue Service says an individual is an employee when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to result but also as to how that result is accomplished. It is inconceivable that there is no one on the Miller campaign who is an "employee". Accordingly, Miller is violating the law.

CONCLUSION

For the reasons set forth above, the Federal Election Commission must conduct an immediate investigation and stop Miller's illegal actions from influencing the 1996 elections.



John Hishta

VERIFICATION

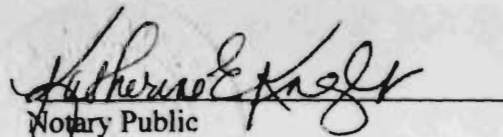
The undersigned complainant swears that the statements in the Complaint are based on the sources indicated, and, as such, are true and correct to the best of his information and belief.



John Hishta

Commonwealth of Virginia)
Alexandria) ss

Subscribed and sworn to before
me this 10 day of May, 1996



Notary Public

My Commission Expires June 30 1998



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

John F. Hishta
7712 Island Creek Court
Alexandria, VA 22315

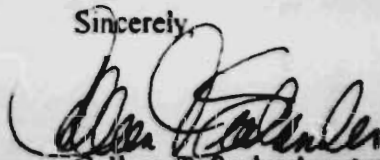
RE: MUR 4358

Dear Mr. Hishta:

This letter acknowledges receipt on May 7, 1996, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4358. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,


Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosure
Procedures

970433218



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

H. Allen Caldwell, Registered Agent
4111 East 37th Street North
Wichita, KS 67220

RE: MUR 4358

Dear Mr. Caldwell:

The Federal Election Commission received a complaint which indicates that Koch Industries may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

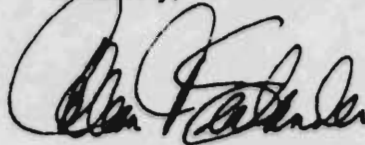
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against Koch Industries in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted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

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

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If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043832120



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

Jeffrey Eisenach, Treasurer
Jim Miller for US Senate
903 Turkey Run Road
McLean, VA 22101

RE: MUR 4358

Dear Mr. Eisenach:

The Federal Election Commission received a complaint which indicates that Jim Miller for US Senate ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

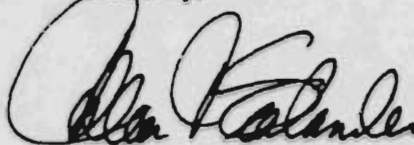
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements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

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97043032121

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043032122



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

Jeffrey Eisenach, Treasurer
Miller for Senate (1996)
7115 Leesburg Pike, Suite 225
Falls Church, VA 22043

RE: MUR 4358

Dear Mr. Eisenach:

The Federal Election Commission received a complaint which indicates that Miller for Senate (1996) ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

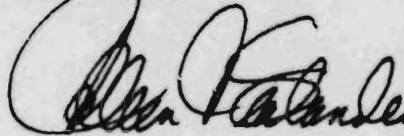
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements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

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

9704332123

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in dark ink, appearing to read "Colleen T. Sealander". The signature is fluid and cursive, with the first name "Colleen" being more prominent than the last name "Sealander".

Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

9704332124



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

James Clifford Miller, III
903 Turkey Run Road
McLean, VA 22101

RE: MUR 4358

Dear Mr. Miller:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

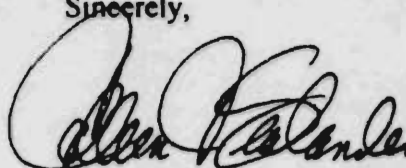
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under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

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

9704302125

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in dark ink, appearing to read "Colleen T. Sealander", written over a circular stamp or mark.

Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043832126



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

Treasurer
Commonwealth PAC
P.O. Box 18275
Richmond, VA 23226

RE: MUR 4358

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that the Commonwealth PAC and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

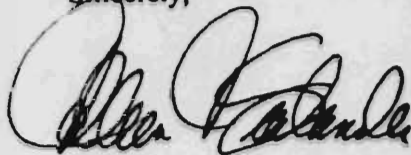
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Commonwealth PAC and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate,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

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

9704332127

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

9704332123



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

Mary Shea Sutherland, Treasurer
Nation PAC
P.O. Box 18265
Richmond, VA 23226

RE: MUR 4358

Dear Ms. Sutherland:

The Federal Election Commission received a complaint which indicates that the Nation PAC and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

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

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

9 / 0 4 3 8 3 2 1 2 9

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Colleen T. Sealander', written over a horizontal line.

Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043032130



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 14, 1996

Harold V. Groome, Jr., Registered Agent
5500 Lewis Road
Sandston, VA 23150

RE: MUR 4358

Dear Mr. Groome:

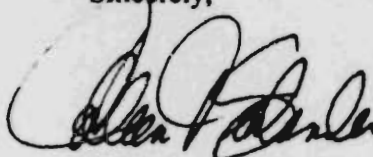
The Federal Election Commission received a complaint which indicates that Groome Transportation, Incorporated, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

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

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

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043632132



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 14, 1996

Gregory Nevers, Esq., Registered Agent
4551 Cox Road
Glenn Allen, VA 23060

RE: MUR 4358

Dear Mr. Nevers:

The Federal Election Commission received a complaint which indicates that Markel Corporation may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

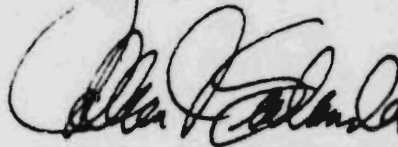
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against Markel Corporation in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be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

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

9 / 0 4 3 0 3 2 1 3 3

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043032134



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 14, 1996

Hugh Shafer, Jr., Esq., Registered Agent
8351 Greensboro Drive
McLean, VA 22102

RE: MUR 4358

Dear Mr. Shafer:

The Federal Election Commission received a complaint which indicates that IAC Services Company may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4358. Please refer to this number in all future correspondence.

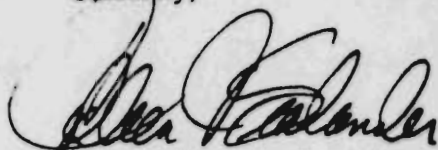
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against IAC Services Company in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be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

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

97043032135

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

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

97043032136

LAW OFFICES
FLORANCE, GORDON AND BROWN
A PROFESSIONAL CORPORATION

DELMAR L. BROWN
FRED J. BERNHARDT, JR.
WILLIAM H. HOOFNAGLE, III
HAMILL D. JONES, JR.
CARY A. RALSTON
ROBERT J. KLOETI
CONARD B. MATTOX, III
KATHLEEN N. SCOTT

CHRISTOPHER S. DILLON
KIMBERLEE HARRIS RAMSEY
FARHAD ACHDAMI
BRYAN W. HORN
ROGER C. BOWERS

800 MUTUAL BUILDING
909 EAST MAIN STREET
RICHMOND, VIRGINIA 23219-3013

TELEPHONE (804) 697-5100
FACSIMILE (804) 697-5159

RICHARD FLORANCE
1902-1980

JAMES W. GORDON, JR.
RETIRED

WRITER'S DIRECT DIAL NUMBER

May 24, 1996

MUR 4358

804-697-5128

MAY 30 11 23 AM '96

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

Federal Election Commission
Office of General Counsel
Washington, DC 20463

Gentlemen:

I represent Groome Transportation, Incorporated, a Virginia corporation.

Enclosed are the following documents:

1. Statement of Designation of Counsel;
2. Affidavit of Groome Transportation, Incorporated;
3. Copy of this letter to be signed and returned to me in the enclosed self-addressed, stamped envelope evidencing your receipt of these documents.

As suggested in the Affidavit, neither Groome Transportation, Incorporated, nor any of its officers or directors had any knowledge whatsoever of the allegations in the Complaint filed in MUR 4358.

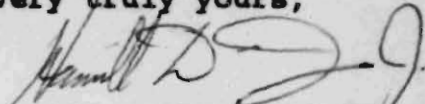
To the unsophisticated donor, State and Federal Election Laws and purported violations as suggested in the Complaint are complicated and difficult to understand. Groome Transportation, Incorporated, has always made every effort to abide by all State and Federal law and has a perfect record of compliance in these areas.

Thank you for your consideration of our position. There was certainly no intention to violate any law and Groome Transportation, Incorporated, has no knowledge of the truth or falsity of the allegations in the Complaint.

Federal Election Commission
May 24, 1996
Page 2

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

Very truly yours,


Hamill D. "Skip" Jones, Jr.

HDJjr:jcb
Enclosures -

cc: Groome Transportation, Incorporated

97043632138

AFFIDAVIT

I am Harold V. Groome, Jr. I am President of Groome Transportation, Incorporated, a Virginia corporation. I am also Chairman of the Board of Directors.

I have reviewed the Complaint in MUR 4358. I have no knowledge of the truth or falsity of any allegations in the Complaint. I have no knowledge of the intricacies of the Federal laws referred to in the Complaint.

Groome Transportation, Incorporated, acknowledges that it made a \$2,000.00 contribution on March 29, 1995, to Commonwealth PAC. I was under the impression that such a contribution to a State political action committee was proper and not in violation of any State or Federal law. I had no knowledge of the structure or financial transactions of Commonwealth PAC. It was my understanding that Commonwealth PAC was a State PAC to which a \$2,000.00 contribution could be made.

GROOME TRANSPORTATION, INCORPORATED,
a Virginia corporation

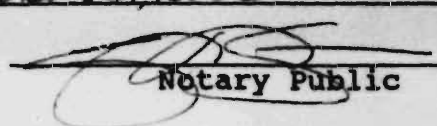

Harold V. Groome, Jr., President

COMMONWEALTH OF VIRGINIA,

City/County of Henrico, VA, to-wit:

Subscribed and sworn to before me, a Notary Public in and for the jurisdiction aforesaid, by Harold V. Groome, Jr., President of Groome Transportation, Incorporated, on behalf of the Corporation

My commission expires October 31, 2000.


Notary Public

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4358

NAME OF COUNSEL: Hamill D. "Skip" Jones, Jr.

FIRM: Florance, Gordon and Brown, P. C.

ADDRESS: 800 Mutual Building

909 E. Main Street

Richmond, Virginia 23219

TELEPHONE: (804) 697-5128

FAX: (804) 697-5159

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.

Groome Transportation, Incorporated

May 28, 1996
Date

By: 

~~Signature~~ President

RESPONDENT'S NAME: Groome Transportation, Incorporated

ADDRESS: 5500 Lewis Road

Sandston, Virginia 23150

TELEPHONE: HOME () N/A

BUSINESS (804) 222-7226

9704383214C

LAW OFFICES
BEVERIDGE & DIAMOND, P. C.
SUITE 700
1350 I STREET, N.W.
WASHINGTON, D. C. 20005-3311
(202) 782-6000

ALAN CHARLES RAUL
DIRECT DIAL NUMBER
(202) 789-6021

TELECOPIER (202) 789-6190

May 29, 1996

40TH FLOOR
437 MADISON AVENUE
NEW YORK, N. Y. 10022-7380
(212) 702-5400

BEVERIDGE & DIAMOND
SUITE 400
ONE BRIDGE PLAZA
FORT LEE, N. J. 07024-7502
(201) 585-8182

BEVERIDGE & DIAMOND
SUITE 3400
ONE SANSONE STREET
SAN FRANCISCO, CA 94104-4438
(415) 397-0100

By Telecopy and U.S. Mail
Ms. Colleen T. Sealander, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4358

Dear Ms. Sealander:

On behalf of Miller for Senate, Inc. (the "Committee") and Jeffrey Eisenach, Treasurer, I would like to request an extension until July 8, 1996 to respond to your letter of May 14 regarding the complaint in this matter. The Committee's Statement of Designation of Counsel is attached hereto.

Additional time in which to file a response is necessary because of the upcoming primary election on June 11. Because of the substantial time and resource commitment to the June 11 election, the Committee cannot adequately respond to the allegations in the complaint. Moreover, Mr. Miller's opponent in the election, the complainant in this matter, would unfairly benefit if Mr. Miller and the Committee were diverted from the campaign during this crucial time to respond to the complaint.

Please advise the undersigned regarding this request for an extension.

Thank you for your consideration in this matter.

Sincerely,


Alan Charles Raul

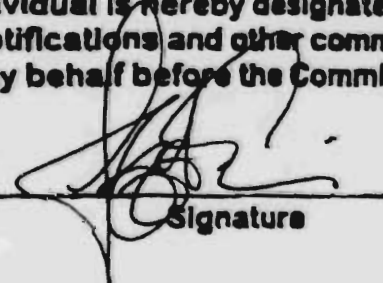
cc: Ms. Alva E. Smith

1:USERS\ACR\WP\MISC\MILLER.FEC

9704033141

STATEMENT OF DESIGNATION OF COUNSELMUR 4358NAME OF COUNSEL: Alan Charles RaulFIRM: Beveridge & Diamond, P.C.ADDRESS: 1350 I Street, NWWashington, DC 20005TELEPHONE: (202) 789-6021FAX: (202) 789-6190

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.

5/29/96
Date
Signature

Jeffrey Eisenach

RESPONDENT'S NAME: Miller For Senate, Inc.ADDRESS: 7115 Leesburg Pike, Suite 225Falls Church, VA 22043TELEPHONE: HOME () BUSINESS (703) 536-1996

97043832142

LAW OFFICES
BEVERIDGE & DIAMOND, P. C.
SUITE 700
1350 I STREET, N.W.
WASHINGTON, D. C. 20005-3311
(202) 789-6000

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUN 3 1 55 PM '96
FIFTH FLOOR
437 MADISON AVENUE
NEW YORK, N. Y. 10022-7380
(212) 702-5400

ALAN CHARLES RAUL
DIRECT DIAL NUMBER
(202) 789-6021

TELECOPIER (202) 789-6190

May 29, 1996

BEVERIDGE & DIAMOND
SUITE 400
ONE BRIDGE PLAZA
FORT LEE, N. J. 07024-7502
(201) 585-8162

BEVERIDGE & DIAMOND
SUITE 3400
ONE SANSOME STREET
SAN FRANCISCO, CA 94104-4438
(415) 397-0100

By Telecopy and U.S. Mail
Ms. Colleen T. Sealander, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4358

Dear Ms. Sealander:

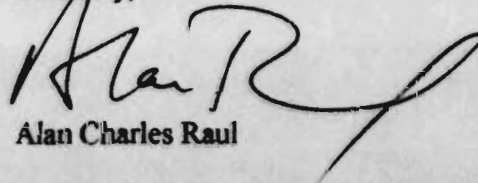
On behalf of Commonwealth PAC (the "Committee"), I would like to request an extension until July 8, 1996 to respond to your letter of May 14 regarding the complaint in this matter. The Committee's Statement of Designation of Counsel is attached hereto.

Additional time in which to file a response is necessary because the Committee's Chairman, James C. Miller, III, is involved in the upcoming June 11 primary election. Accordingly, the Committee cannot adequately respond to the allegations in the complaint absent an extension. Moreover, Mr. Miller's opponent in the election, the complainant in this matter, would unfairly benefit if Mr. Miller were diverted from the campaign during this crucial time to respond to the complaint.

Please advise the undersigned regarding this request for an extension.

Thank you for your consideration in this matter.

Sincerely,


Alan Charles Raul

cc: Ms. Alva E. Smith

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97043002143

STATEMENT OF DESIGNATION OF COUNSELMUR 4358NAME OF COUNSEL: Alan Charles RaulFIRM: Beveridge & Diamond, P.C.ADDRESS: 1350 I Street, NWSuite 700Washington, DC 20005-3311TELEPHONE: (202) 789-6000FAX: (202) 789-6190

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.

5/29/96

Date


SignatureRESPONDENT'S NAME: Edward J. Fuhr, Treasurer
Commonwealth PACADDRESS: Riverfront Plaza, East Tower951 East Byrd StreetRichmond, VA 23219

TELEPHONE: HOME

BUSINESS: (804) 788-8201

97043832144

LAW OFFICES
BEVERIDGE & DIAMOND, P. C.
SUITE 700
1350 I STREET, N.W.
WASHINGTON, D. C. 20005-3311
(202) 789-6000

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUN 3 1 55 PM '96

4TH FLOOR
437 MADISON AVENUE
NEW YORK, N. Y. 10022-7380
(212) 702-5400

ALAN CHARLES RAUL
DIRECT DIAL NUMBER
(202) 789-6021

TELECOPIER (202) 789-6190

May 28, 1996

BEVERIDGE & DIAMOND
SUITE 400
ONE BRIDGE PLAZA
FORT LEE, N. J. 07024-7552
(201) 585-8182

BEVERIDGE & DIAMOND
SUITE 3400
ONE BANSOME STREET
SAN FRANCISCO, CA 94104-4438
(415) 397-0100

By Telecopy and U.S. Mail
Ms. Colleen T. Sealander, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4358

Dear Ms. Sealander:

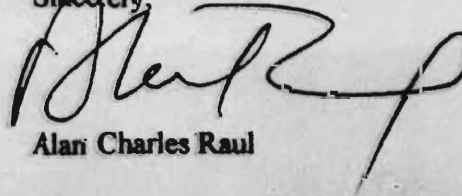
On behalf of James C. Miller, III, I would like to request an extension until July 8, 1996 to respond to your letter of May 14 regarding the complaint in this matter. Mr. Miller's Statement of Designation of Counsel is attached hereto.

Additional time in which to file a response is necessary because of the upcoming primary election on June 11. Because of the substantial time and resource commitment to the June 11 election, Mr. Miller cannot adequately respond to the allegations in the complaint. Moreover, Mr. Miller's opponent in the election, the complainant in this matter, would unfairly benefit if Mr. Miller and the Committee were diverted from the campaign during this crucial time to respond to the complaint.

Please advise the undersigned regarding this request for an extension.

Thank you for your consideration in this matter.

Sincerely,



Alan Charles Raul

cc: Ms. Alva E. Smith

I:\USERS\ACK\WPM\TSC\MILLER.FEC

97043032145

STATEMENT OF DESIGNATION OF COUNSELMUR 4358NAME OF COUNSEL: Alan Charles RauFIRM: Beveridge + Diamond, P.C.ADDRESS: 1350 I Street, NWSuite 700Washington, DC 20005TELEPHONE: (202) 789-6021FAX: (202) 789-6190

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.

5/21/96
Date
SignatureRESPONDENT'S NAME: James C. Miller III

ADDRESS: _____

TELEPHONE: HOME(_____) _____

BUSINESS (703) 536-1986

97043832146

CROWELL & MORING

1001 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2595

(202) 624-2500

CABLE: CROMOR

FACSIMILE (RAPICOM): 202-624-5116

W U I (INTERNATIONAL) 64344

W U (DOMESTIC) 88-2448

ROBERT P. CHARROW
OF COUNSEL
(202) 624-2890

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
JUN 3 1 30 PM '96

June 3, 1996

VIA MESSENGER

Colleen Sealander, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Subject: MUR 4358

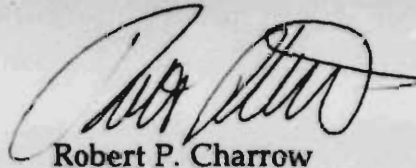
Dear Ms. Sealander:

As indicated by the enclosed designation of counsel, we represent Koch Industries, Inc. ("Koch") in the above-noted matter.

As I indicated during our May 31, 1996 telephone conversation, Koch received the above-noted complaint on May 20, 1996; its response would be due on June 4, 1996. Inasmuch as we have just been retained in this matter and have not had an opportunity to review fully the complaint, the attachments thereto, or to conduct such interviews as may be necessary, we request a fifteen (15) day extension until June 19, 1996 in which to respond to the complaint.

Thank you for your anticipated cooperation.

Sincerely yours,



Robert P. Charrow

Enclosure (Designation of Counsel)

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JUN 4 9 57 AM '96

2704332147

STATEMENT OF DESIGNATION OF COUNSEL

RECEIVED
ELECTION
COMMISSION
MAIL ROOM

JAN 3 1 30 PM '96

MUR 4358

NAME OF COUNSEL: Robert P. Charrow

FIRM: Crowell & Moring

ADDRESS: 1001 Pennsylvania N.W.
Suite 10 North
Washington, D.C. 20004

TELEPHONE: (202) 624-2890

FAX: (202) 628-5116

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JAN 4 9 57 AM '96

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.

Koch Industries, Inc.

5/31/96
Date

By: *LR Purtell*
Signature
Lawrence R. Purtell,
Senior Vice President and General Counsel

RESPONDENT'S NAME: Koch Industries, Inc.

ADDRESS: 4111 East 37th Street North
Wichita, KS 67220

TELEPHONE: HOME()

BUSINESS(316) 828-3139

97043032148



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1996

Alan Charles Raul, Esquire
Beveridge & Diamond, P.C.
1350 I Street, N.W., Suite 700
Washington, D.C. 20005-3311

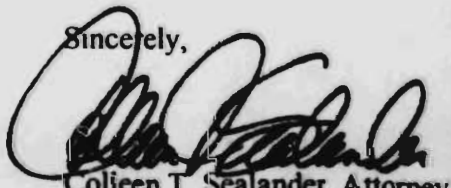
RE: MUR 4358
Miller for Senate Inc., and Jeffrey
Eisenach, as treasurer

Dear Mr. Raul:

This is in response to your letter dated May 29, 1996, requesting an extension until July 8, 1996, to respond to the complaint filed in the above-noted matter, and our telephone conversation on June 3, 1996. After considering the circumstances presented in your letter, the Office of the General Counsel has granted an extension until July 1, 1996. Accordingly, your response is due by the close of business on July 1, 1996.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

97043832149



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1996

Alan Charles Raul, Esquire
Beveridge & Diamond, P.C.
1350 I Street, N.W., Suite 700
Washington, D.C. 20005-3311

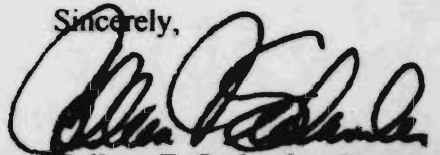
RE: MUR 4358
Commonwealth PAC

Dear Mr. Raul:

This is in response to your letter dated May 29, 1996, requesting an extension until July 8, 1996, to respond to the complaint filed in the above-noted matter, and our telephone conversation on June 3, 1996. After considering the circumstances presented in your letter, the Office of the General Counsel has granted an extension until July 1, 1996. Accordingly, your response is due by the close of business on July 1, 1996.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,


Colleen T. Sealander, Attorney
Central Enforcement Docket

97043832150



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1996

Alan Charles Raul, Esquire
Beveridge & Diamond, P.C.
1350 I Street, N.W., Suite 700
Washington, D.C. 20005-3311

RE: MUR 4358
James C. Miller, III

Dear Mr. Raul:

This is in response to your letter dated May 29, 1996, requesting an extension until July 8, 1996, to respond to the complaint filed in the above-noted matter, and our telephone conversation on June 3, 1996. After considering the circumstances presented in your letter, the Office of the General Counsel has granted an extension until July 1, 1996. Accordingly, your response is due by the close of business on July 1, 1996.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 5, 1996

Robert P. Charrow, Esquire
Crowell & Moring
1001 Pennsylvania Avenue, N.W.
Suite 10 North
Washington, D.C. 20004-2595

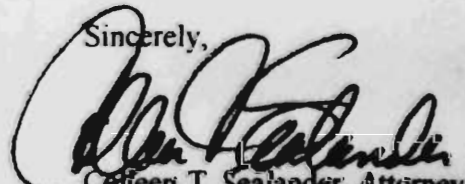
RE: MUR 4358
Koch Industries, Inc.

Dear Mr. Charrow:

This is in response to your letter dated June 3, 1996, requesting an extension until June 19, 1996, to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on June 19, 1996.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,


Colleen T. Sealander, Attorney
Central Enforcement Docket

97043032152

CROWELL & MORING

1001 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004-2595

(202) 624-2500

CABLE: CROMOR

FACSIMILE (RAPICOM): 202-628-5116

W U I (INTERNATIONAL) 64344

W U I (DOMESTIC) 88-2448

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ROBERT P. CHARROW
OF COUNSEL
(202) 624-2890

June 14, 1996

VIA MESSENGER

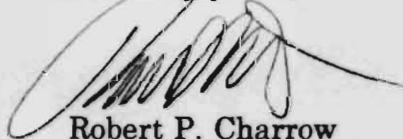
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Subject: MUR 4358

Dear Sir:

Please find enclosed an original and two copies of the Affidavit of Richard H. Fink and the Response of Koch Industries, Inc. to the Complaint in the above-noted matter. Please return an endorsed filed copy of the same.

Sincerely yours,



Robert P. Charrow
Counsel to Koch Industries, Inc.

Enclosures

cc: Colleen T. Sealander, Esq.
(w/enclosures, by messenger)

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OFFICE OF GENERAL
COUNSEL

JUN 14 4 14 PM '96

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BEFORE THE FEDERAL ELECTION COMMISSION

JUN 14 3 44 PM '96

John Hishta,	)	
	)	
Complainant,	)	MUR 4358
	)	
v.	)	
	)	
James C. Miller et al.	)	Response
	)	Koch Industries, Inc.
Respondents.	)	
_____	)	

JUN 14 4 15 PM '96

RECEIVED
FEDERAL ELECTION
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OFFICE OF GENERAL
COUNSEL

Introduction

This response is being submitted by Koch Industries, Inc., with respect to a complaint filed with the Federal Election Commission on May 6, 1996, by one John Hishta.

This Complaint is surprising: it does not allege that Koch Industries, Inc. ("Koch") in any way violated the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §§ 431 *et seq.* (FECA), nor does it present a single fact or any other evidence that would support even an inference that Koch violated the FECA. Indeed, the complainant apparently recognized that there were no facts implicating Koch in anyway: Koch Industries is not even a named-respondent in the Complaint.¹ Inasmuch as there are no "facts [alleged] which describe a violation of [FECA]" by Koch, the Commission should find no reason to believe that Koch violated the FECA. 11 CFR § 111.4(d)(3).

¹ The regulations implementing the FECA require that a complaint "clearly identify as a respondent each person or entity who is alleged to have committed a violation." 11 CFR § 111.4(d)(1). Here, the complainant himself recognized that there is no evidence indicating the Koch had violated FECA and thus, chose not to name Koch as a respondent. Since Koch has not been named a respondent, the complaint as to Koch, should be dismissed.

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Statement of the Case

On May 6, 1996, John Hishta filed a complaint with this Commission in which he alleged that James C. Miller, III, a candidate for the Republican Party nomination for United States Senate from Virginia, had violated the Federal Election Campaign Act of 1971, as amended, in various ways. In particular, Mr. Hishta notes that in 1994 Miller established the Commonwealth PAC as a state PAC with the purpose of raising money for state candidates in the 1995 Virginia state elections. Hishta then alleges that funds, including corporate funds, contributed to the Commonwealth PAC may have been improperly used to finance Miller's 1996 Senate bid and to repay campaign debts from his 1994 Senate primary race.

In the course of presenting his allegations, the complainant argues as follows:

Miller's use of illegal non-federal in a U.S. Senate race means donors to Commonwealth PAC may have been illegally contributing to a federal race, depending on whether Miller and his cronies told the potential donors that their funds would help his Senate race. The Commission must investigate. In particular, the Commission should investigate Koch Industries which gave \$25,000 to Commonwealth PAC . . .

Complaint at 3. (emphasis supplied).

The complainant goes on to note that KochPac, the separate segregated fund of Koch Industries, Inc., made contributions totalling \$5,000 to Mr. Miler's 1994 Senate race and that certain Koch employees also made contributions to Mr. Miller's 1994 Senate race.

Conspicuously absent from the complaint is any mention that KochPac made a \$5,000 contribution to Senator Warner's 1996 re-election campaign and an equal contribution to Mr.

Miller's 1996 campaign.²

ARGUMENT

Koch Industries Did Not Violate the FECA and the Complaint Does Not Allege Otherwise

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The entire complaint with respect to Koch is premised on the assumption that the Commonwealth PAC was established to illegally fund Mr. Miller's Senate race and that if any contributor, including Koch, had known about this at the time it made its contribution to the PAC, then the contributor would have violated FECA. The problem is that Koch had no such knowledge, as evidenced in the attached Affidavit of Richard Fink, Senior Vice President, Koch Industries, Inc., and the complaint contains no evidence to the contrary.

In the late summer 1994, Mr. Miller telephoned Mr. Richard Fink and asked if Koch Industries, Inc. would be interested in contributing to a new state political committee, the Commonwealth PAC. See Fink Affidavit at ¶ 4. Miller described the Commonwealth PAC to Fink as being a state political action committee that would (1) identify, recruit and educate promising market-based candidates for state office in Virginia, and (2) contribute to the campaigns of those and other market-based candidates for state office in Virginia.* *Id.*

Based on Mr. Miller's representations that the Commonwealth PAC would only engage in Virginia state candidate activities, such as contributing to market-based candidates for state office in Virginia, Mr. Fink recommended that Koch Industries, Inc. contribute \$25,000 to the Commonwealth PAC, which it did on October 13, 1994. *Id.* At no time was Mr. Fink ever

² After learning that KochPac had made equal contributions to both Warner and Miller, Warner returned the KochPac contribution on January 4, 1996. See Fink Affidavit at ¶ 7.

advised that the Commonwealth PAC would do anything other than that which it promised to do. See Fink Affidavit at ¶ 5.

Any possible implication to the contrary is undermined by the materials attached to the Complaint itself. First, the press release announcing the formation of the Commonwealth PAC, which is attached to the complaint as an exhibit, describes the PAC as "a state PAC" designed "to support conservative (Republican) candidates for state office in the 1995 elections for General Assembly and the 1997 cycle for House of Delegates and statewide office."

October 30, 1994, Press Release, Attachment 2 to Complaint (emphasis in original).

The statements in the press release are entirely consistent with the statements that Mr. Miller had made to Mr. Fink in late summer 1994, when Miller had asked Koch Industries to contribute to the new state PAC. See Fink Affidavit at ¶ 4.

Second, Miller's solicitation of Koch on behalf of the Commonwealth PAC was in the late summer of 1994; this was well before any reports that Miller was even considering running for the Senate in 1996. Indeed, the earliest that the complainant can date the possibility of Miller's run for the Senate in 1996, was a December 9, 1994 article in the RICHMOND TIMES DISPATCH. See Complaint at 9 (A December 9, 1994 RICHMOND TIMES DISPATCH article hinting at a 1996 Miller candidacy"). It is difficult to see how Koch Industries, Inc. would have known in the summer of 1994, when the solicitation was made, or on October 13, 1994, when the contribution was made, that Miller had serious Senate aspirations, when "hints" to that effect did not begin to surface until December 1994.

Complainant attempts to sow the seeds of suspicion by using dangerous reasoning. According to the Complaint, the Commission should investigate Koch, even though there is

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no evidence to indicate that it did anything improper, because KochPac and certain Koch employees legally contributed to Miller's 1994 campaign. Legal contributions made by Koch employees or by KochPac are not, and as a matter of public policy should not, be relevant to this proceeding. Indeed, complainant conspicuously fails to mention that during this election cycle KochPac contributed \$5,000 to Senator Warner's campaign and \$5,000 to Mr. Miller's campaign. Under complainant's reasoning any contribution made by any entity to any state PAC supported by any federal candidate would also be suspect.

The sole issue before this Commission is whether there is any evidence whatsoever to support a "reason to believe" finding with respect to Koch Industries, Inc. The Complaint contains no such evidence and therefore, the Commission should find that there is no reason to believe that Koch Industries, Inc. violated any provision of the FECA.

Respectfully submitted,



Robert P. Charrow
CROWELL & MORING
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 624-2500
Attorney for Koch Industries, Inc.

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BEFORE THE FEDERAL ELECTION COMMISSION

JUN 14 3 44 PM '96

John Hishta,

Complainant,

v.

James C. Miller et al.

Respondents.

MUR 4358

Affidavit
Richard H. Fink

JUN 14 4 14 PM '96

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COMMISSION
OFFICE OF GENERAL
COUNSEL

I, Richard H. Fink, being duly sworn, declare as follows:

1. I am, and at all times relevant hereto have been, Senior Vice President, Koch Industries, Inc.
2. As Senior Vice President, I am a member of the Board of Directors of the Koch Industries, Inc. Political Action Committee (KochPac), a separate segregated fund established pursuant to the provisions of the Federal Election Campaign Act of 1971, as amended. In that capacity, I participate in decision-making concerning which candidates for federal and state office ought to receive contributions from KochPac.
3. As Senior Vice President, I supervise corporate contributions to candidates for state offices in those states permitting such contributions and further supervise corporate contributions to state political action committees that support state candidates in those states permitting such contributions.
4. In late summer, 1994, I was contacted by telephone by James Miller and asked if Koch Industries, Inc. would be interested in contributing to a new state political committee, the Commonwealth PAC. Miller described the Commonwealth PAC as being a state

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political action committee that would (1) identify, recruit and educate promising market-based candidates for state office in Virginia, and (2) contribute to the campaigns of those and other market-based candidates for state office in Virginia. Based on Mr. Miller's representations that the Commonwealth PAC would only engage in Virginia state candidate activities, such as contributing to candidates for state office in Virginia, I recommended that Koch Industries, Inc. contribute \$25,000 to the Commonwealth PAC. The contribution was made on October 13, 1994.

5. At no time was I told by Mr. Miller or anyone else that the Commonwealth PAC would do anything other than support candidates for state office in the Commonwealth of Virginia. Thus, the insinuation in the Complaint that Koch Industries may have known that the Commonwealth PAC was established to do something other than promised is false.
6. The insinuation in the Complaint that Koch Industries, Inc. may have made the contribution to foster Mr. Miller's 1996 Senate bid is also patently false. At no time, during the telephone solicitation or during the interim period up to and including the time the contribution was made, was there any mention or discussion of Mr. Miller running for the U.S. Senate. As the attachments to the Complaint indicate, Miller had not announced his intentions of running for Mr. Warner's Senate seat at the time the Commonwealth PAC solicited a contribution from Koch Industries, Inc. in late summer 1994 nor at the time the contribution was made on October 13, 1994.
7. In December 1995, KochPac contributed \$5,000 to the 1996 Senate campaigns of both Mr. Miller and Senator Warner and advised each of the contribution to the other.

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Senator Warner, apparently upset that KochPac had also contributed to Mr. Miller's campaign, returned the KochPac contribution on January 4, 1996.

I declare under penalty of perjury that the foregoing is true and correct.

Richard H Fink
Richard H. Fink

Subscribed and sworn to before me this 14th day of June, 1996.

Catherine McKee
Notary Public

My commission expires: June 30 1996

97043832161

LAW OFFICES
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WASHINGTON, D. C. 20005-3311

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ALAN CHARLES RAUL
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July 1, 1996

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(415) 397-0100

CONFIDENTIAL

Ms. Colleen T. Sealander, Esq.
Central Enforcement Docket
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 4358

Dear Ms. Sealander:

This letter and the enclosed affidavits are submitted on behalf of Miller for Senate, Inc., Jeffrey Eisenach, James C. Miller III, and Commonwealth PAC in connection with the above-referenced MUR. Miller for Senate, Inc. ("Miller for Senate") is Mr. Miller's authorized campaign committee in connection with the 1996 primary election for the Republican nomination for U.S. Senator from Virginia. Mr. Eisenach is that Committee's Treasurer. Commonwealth PAC was a Virginia state political committee founded by Mr. Miller to support conservative Republican candidates for state office.

The Complaint filed to initiate this matter is without merit, and was obviously politically inspired by John Warner, Mr. Miller's primary opponent. There is no reason to believe that any further review by the FEC is warranted. Submitted with this letter are affidavits and other materials that show that Miller for Senate and Commonwealth PAC did not violate the Federal Election Campaign Act.

Introduction

The Complaint is premised on three completely false assumptions. First, that Commonwealth PAC was not actively involved in assisting State candidates in Virginia. Second, that Jim Miller and Miller for Senate campaigned actively prior to October, 1995. Third, that the database purchased from the 1994 Senate campaign by Commonwealth PAC was not reasonably priced. This letter demonstrates that each of these assumptions is factually incorrect. Commonwealth PAC was extremely active in Virginia state politics and Jim Miller personally assisted over half of all the Republican candidates in his efforts for Commonwealth PAC; Mr. Miller's Senate campaign did not gear up until October, 1995, so Miller for Senate expenditures -

Ms. Colleen T. Sealander, Esq.
July 1, 1996
Page 2

- other than fundraising payments to Delta Group -- were quite limited until then; and the database was purchased at fair market value by Commonwealth PAC given the quantity and quality of information in that database.

The Warner campaign, whose manager, John Hishta, was the official complainant, used the Complaint as the basis for a political attack alleging that Mr. Miller used Commonwealth PAC to enrich himself personally; an example of a libelous cartoon issued by the Warner campaign is attached for the purpose of showing what the Warner campaign was up to. See Affidavit of James C. Miller III ("Miller Affidavit") at Attachment 7 (please do not republish or otherwise disseminate this defamatory cartoon). The cartoon, like the Complaint, is defamatory. The true evidence, however, is unequivocal: Jim Miller took no money from Commonwealth PAC and every cent raised and expended by Commonwealth PAC was properly spent and accounted for. Indeed, when Commonwealth PAC was established, Jim Miller's 1994 Senate campaign owed him \$48,000. See Miller Affidavit at ¶ 12. That amount remains outstanding today.

Commonwealth PAC never funded Mr. Miller's Senate campaign, nor did Mr. Miller ever advocate his Senate candidacy during events at which he appeared on behalf of Commonwealth PAC. In fact, during the period alleged in the Complaint, Miller for Senate raised and had on hand considerably more money than Commonwealth PAC (approximately \$193,000 for Miller for Senate versus about \$79,000 for Commonwealth PAC). Therefore, the Complaint's linchpin allegation, that Mr. Miller's Senate campaign was desperate for cash, is simply incorrect.

The only FEC authority relied on in the Complaint, MUR 3367, is completely inapposite to this case. In MUR 3367, Alexander Haig's state PAC directed by Alexander Haig directly paid for a large portion of a Presidential Campaign dinner to benefit Mr. Haig's presidential campaign. In addition, Mr. Haig's state committee submitted altered contributor checks to the FEC for matching funds and directly paid for the expenses of an active presidential campaign. None of these types of transactions is even remotely at issue here. During the period covered by the Complaint, there were no Miller for Senate events at all. The Complaint in this case does not even make any allegation, let alone provide any evidence, that any Miller for Senate event was ever paid for by Commonwealth PAC. In fact, in stark contrast with the Haig case, Jim Miller's kick-off announcement for his Senate campaign did not take place until December 5, 1995, long after Commonwealth PAC ceased to be active. In addition, no individual was ever paid by Commonwealth PAC to do any work for Miller for Senate.

Discussion

The complainant in this case is apparently unaware of certain facts, set forth below, that demonstrate the lack of merit of each of the four allegations in the Complaint. The Complaint

Ms. Colleen T. Sealander, Esq.

July 1, 1996

Page 3

alleges that (1) Commonwealth PAC was supporting Miller for Senate, (2) Commonwealth PAC assisted Mr. Miller in reducing debt from the 1994 Senate Campaign through the purchase of an overvalued database, (3) Mr. Miller failed to register with the FEC upon qualifying as a political committee, and (4) Miller for Senate violated tax law by not treating workers as "employees."

1. Commonwealth PAC did not Financially Support Miller for Senate.

Commonwealth PAC was never used to support Miller for Senate. Miller for Senate was financially sound, and indeed had substantially more money than Commonwealth PAC by its mid-year 1995 report. By the mid-year report, after only the first four months of its fundraising efforts, Miller for Senate had raised about \$193,000. Commonwealth PAC, in contrast, raised only a total of about \$79,000. See Miller Affidavit at ¶ 9. It is ludicrous to suggest that an organization that had around \$50,000 on hand (after paying for the database and for Delta Group's services) could support an organization with about \$178,000 cash on hand. In fact, Jim Miller had to loan Commonwealth PAC \$5,000 of his personal funds, and this amount is still owed to him today. See Miller Affidavit at ¶ 9.

The Complaint erroneously assumes that because a small percentage of Commonwealth PAC funds went directly to state candidates, the rest must have gone to Miller for Senate. In fact, Commonwealth PAC was never intended to support candidates primarily through direct contributions, and accordingly did not allocate any funds in this regard in its preliminary operating budgets. See Miller Affidavit at ¶ 3, Attachment 2. Instead, Commonwealth PAC and Jim Miller assisted over half of the total number of Republican candidates running for Virginia state office in many other ways, including attending events for them and speaking on their behalf, helping set up campaign organizations and fundraisers, and assisting them with developing policy and political strategies. Commonwealth PAC was not a high dollar operation, but it was extremely active and valuable in supporting candidates like Dan Evans. See Miller Affidavit, Attachment 3. Mr. Miller made personal appearances for at least 78 candidates and they appreciated his help immensely. See Miller Affidavit, Attachments 1, 3.

Next, the Complaint founders on the assumption that because Miller for Senate had no campaign expenditures during the early part of 1995, Commonwealth PAC must have been funding the Senate campaign. In fact, there were no Senate campaign expenditures until March 1995 when Mr. Miller declared his candidacy. Moreover, from March through October 1995, the Senate-related expenditures were limited because Mr. Miller did not begin active campaigning until after October.

The reason for the hiatus in Mr. Miller's Senate campaign is clear: he had agreed to Governor George Allen's request to delay the commencement of his campaign until after the November 1995 elections to the Virginia General Assembly. Because there was no active

Ms. Colleen T. Sealander, Esq.
July 1, 1996
Page 4

campaign, there were no employees and there were limited campaign operating expenses. See Miller Affidavit at ¶¶ 7-8, Attachment 8.

The Complaint unfairly characterizes a few local newspaper articles as referring to Mr. Victor Gresham, Mr. M. Boyd Marcus, and Mr. Jonathan Baron as official employees of the Senate campaign in the early months of 1995. In fact, the articles do not support the Complaint's allegations because the references are inherently ambiguous: all they really indicate is that these individuals were associates of Mr. Miller's. In any event, these newspaper references only reflect the reporters' assumptions. In fact the named individuals were not hired during that time period to work for Miller for Senate and there was not even any active campaign on which they could work. These individuals were consultants to Mr. Miller in his advocacy of Republican candidates for state office and they worked for Commonwealth PAC. Mssrs. Gresham and Marcus did some consulting work for Miller for Senate in the summer of 1995, and they were fully paid for by Miller for Senate, as indicated in the year-end 1995 FEC report. See Affidavits of Victor Gresham at ¶¶ 2-3, M. Boyd Marcus at ¶¶ 2-3. Mr. Baron received no funds from Commonwealth PAC to do work for Miller for Senate, and Mr. Baron was never an employee or consultant of Miller for Senate.

Solicitations for contributions to Commonwealth PAC never included suggestions that the funds would support Mr. Miller's U.S. Senate race and Jim Miller never advocated his Senate candidacy while appearing at events to support state candidates on behalf of Commonwealth PAC. The Complaint provides no press accounts or evidence of any kind to suggest that such misconduct ever occurred. Only "information and belief" is offered in support of these allegations. The Complaint has simply fabricated these issues.

It is not surprising, but it is irrelevant, that some of the contributors to Commonwealth PAC were also contributors to Miller for Senate. Jim Miller is a highly admired and respected public figure, and it is natural that his supporters would contribute to any organization in which he is involved.

The Complaint suggests that Mr. Miller's son, Felix Miller, was illegally paid by Commonwealth PAC for his work on his father's Senate campaign. The Complaint is patently inconsistent in this regard in that it also alleges that Felix Miller was not working at all and may have violated the "personal use" rules in accepting payments from his father. See 11 C.F.R. § 113.2. Felix Miller did indeed work for both Commonwealth PAC and Miller for Senate. His time was divided between the two organizations, and he was paid separately for his work on each. See Affidavit of Felix Miller at ¶ 2.

Ms. Colleen T. Sealander, Esq.
July 1, 1996
Page 5

2. **Commonwealth PAC Paid Full Market Value for a Database it Purchased from Jim Miller's 1994 Senate Campaign.**

Commonwealth PAC purchased (not rented) a database from Mr. Miller's 1994 Senate Campaign ("Jim Miller for U.S. Senate, Inc.") for \$19,800. Although databases that consist only of a mailing list of names and which are only rented, not purchased, may be less expensive, this was not such a database. See Affidavit of M. Boyd Marcus at ¶¶ 4-6. The database purchased by Commonwealth PAC was an expanded database of over 5,000 names of proven contributors, an additional 11,000+ names of delegates to the Republican Convention, and over 100,000 voters with information on their activity in the Republican Party. This database included very detailed information that could never be bought for the price cited in the Complaint. In fact, it cost Jim Miller for U.S. Senate [1994], Inc. substantially more than \$19,800 to compile the information on the database. Mr. Marcus established the fair market value of the database based on these facts, plus his 16 years of experience. See Affidavit of M. Boyd Marcus. Indeed, by way of comparison, the Miller for Senate campaign spent about \$18,000 for lists it rented, not purchased, in July and August of 1995 from Pinnacle List Company and Universal List Company.

The FEC has opined that a Senate Campaign Committee may sell a contributor's list to a state committee as long as it is at the usual and normal charge for such an item. See FEC Advisory Opinion 1989-4. Because this database was purchased for the fair market value, Commonwealth PAC's purchase of the database was wholly proper.

3. **Miller for Senate Registered with the FEC in a Timely Manner upon Qualifying as a Political Committee.**

Commonwealth PAC was in no way financing Jim Miller's 1996 Senate campaign. Mr. Miller filed his Statement of Candidacy and Organization with the FEC on March 7, 1995, within a week after officially announcing his decision to run. When Mr. Miller registered with the FEC, Miller for Senate had not yet met the \$5,000 threshold requiring a candidate to register; therefore, Miller for Senate's filing was timely.

4. **Miller for Senate Complied with all Internal Revenue Law, and had Employees on Payroll After December, 1995 When he Kicked-off his Campaign.**

After December 1995, when Mr. Miller officially kicked-off his Senate campaign, Miller for Senate hired a payroll company and all required tax and social security deductions were met. See Miller Affidavit at ¶ 8.

Ms. Colleen T. Sealander, Esq.
July 1, 1996
Page 6

Conclusion

None of the respondents to the Complaint at any time violated federal election law. Mr. Miller's efforts on behalf of Commonwealth PAC made an important contribution to Virginia Republican politics, but had no illegal or improper impact on any federal election. Mr. Miller worked extensively to help state candidates as was intended by Commonwealth PAC, contributing his time and energy, plus the practical work, and policy and political ideas developed by himself and Commonwealth PAC's political consultants, Vic Gresham and Jonathan Baron. See Miller Affidavit, Attachments 1, 3. Mr. Miller's involvement in Virginia state campaigns through Commonwealth PAC provided visibility within the state for his political ideas, but it did not have an illegitimate impact on any federal campaign. Indeed, there are no reliable allegations in the Complaint that indicate any wrongdoing. It is clearly a political document.

Mr. Miller has always taken the utmost care to ensure full compliance with the rules and regulations of the Federal Election Commission as evidenced by his efforts to keep separate his Senate campaign and his activities under Commonwealth PAC. For example, Delta Group, a fundraising company, was hired to provide services to both Miller for Senate and Commonwealth PAC. Delta Group was paid separately under separate contracts for its services to each. See Miller Affidavit, Attachments 4-5. Mr. Miller was also careful not to advocate his Senate campaign during his many appearances on behalf of Commonwealth PAC.

Commonwealth PAC was a highly active committee designed to support conservative Republican candidates in Virginia. Mr. Miller worked hard for Commonwealth PAC. Over half of the Republican candidates who ran in the 1995 election, including the 78 on whose behalf Mr. Miller made personal appearances, know and appreciate what Commonwealth PAC and Jim Miller did for them. As an example, a personal letter from a candidate expressing gratitude to Jim Miller (in April 1995) for his support and attendance at his campaign kick-off is also attached. See Miller Affidavit, Attachment 3.

There is simply nothing behind this Complaint beyond its obvious political motivation. I hope and expect that this letter, together with its enclosures, demonstrates to the Commission that there is no reason to believe the Federal Election Campaign Act was violated in this matter.

BEVERIDGE & DIAMOND, P. C.

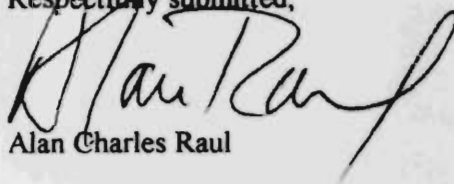
Ms. Colleen T. Sealander, Esq.

July 1, 1996

Page 7

Thank you for your consideration. Please contact the undersigned if you have any questions.

Respectfully submitted,



Alan Charles Raul

Enclosure

97043032168

AFFIDAVIT OF JAMES C. MILLER III

97043032169

**BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA**

In the Matter of:)
)
)

James C. Miller III)
Miller for Senate Committee)
Commonwealth PAC)
_____)

MUR 4358

AFFIDAVIT OF JAMES C. MILLER III

James C. Miller III, being duly sworn, hereby deposes and states:

1. I am over the age of 18 years, am competent to testify to the matters stated herein, and make this Affidavit upon personal knowledge.
2. I never advocated my candidacy for U.S. Senate at any event funded by a non-federal political action committee, and I never used any non-federal political action committee to fund any federal election campaign staff, office, travel, fundraising expenses, or any other federal campaign activity.
3. On October 30, 1994, I announced the formation of a Virginia political action committee (PAC) named Commonwealth PAC. Commonwealth PAC's major purpose was to support conservative Republican candidates for state office in the 1995 Virginia General Assembly elections. The support consisted primarily of identifying promising candidates, providing them with personal support and political guidance, making personal appearances for the

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candidates and speaking on their behalf, and supplying them with contacts leading to their own financial and political success. Making direct contributions to their campaigns was not a primary means of providing support to the candidates. See Press Release at Attachment 2.

4. On November 30, 1994, at the request of Virginia Governor George Allen, I met with Senator John Warner and other prominent members of the Republican Party at the Governor's Mansion in Richmond. At this meeting, Governor Allen asked me and John Warner to delay the commencement of campaigning for the 1996 U.S. Senate seat until the November 1995 Virginia General Assembly elections. I agreed to delay any campaigning for the Senate, subject to the need to raise funds in the event I decided to run.

5. In March 1995, I mailed letters announcing my candidacy to Republican leaders and members of the press. The letter made clear that I would focus on the Virginia state elections until November, 1995. See Attachment 8. In that letter, I stated:

" . . . I shall seek the Republican nomination for U.S. Senate in 1996. But before I go any further, let me say this loud and clear: the Virginia elections for House of Delegates and State Senate are still my #1 PRIORITY through 1995.

Last November, Governor Allen called a meeting of the Virginia Republican leadership and asked us to focus our attention and energies toward winning majorities in both chambers of the General Assembly this fall. Like everyone else, including Senator Warner, I promised Governor Allen that I would do precisely that: Winning control of the General Assembly in 1995 must be our first priority.

* * *

" . . . I intend to keep my word to make my major focus the elections this fall and so will campaign for Republicans across the Commonwealth. I, for one, live up to my commitments."

On March 6, 1995, I filed my Statement of Candidacy and Statement of Organization with the Federal Election Commission (FEC). On May 1, 1995, Miller for Senate, Inc. received its corporate charter from the Commonwealth of Virginia.

6. On April 10, 1995, Delta Group was hired to raise money for both Commonwealth PAC and Miller for Senate, Inc. Delta Group had separate contracts and was separately paid for its services to Commonwealth PAC and its services to Miller for Senate, Inc. See Copies of Both Agreements at Attachments 4-5. I take federal election law very seriously and was scrupulous about maintaining the distinction between Commonwealth PAC and Miller for Senate, Inc.

7. To honor the promise I had made to Governor Allen, between March and October 1995 I did no active campaigning for the U.S. Senate. During this period, I was only involved in fundraising and making personal telephone calls to potential supporters; there was no campaign office until after October, 1995. Moreover, I did not use Victor Gresham, M. Boyd Marcus, or Jonathan Baron to provide any services to my federal campaign for which they were not paid by Miller for Senate. Mr. Baron never worked for Miller for Senate. I did not need an office or employees at this point because I was not involved in any active campaigning. Staff support for my activities during this time was provided by Delta Group (out of whose offices I worked the telephones), Felix Miller and myself. My wife, Demaris, also provided volunteer telephone assistance. Before October, 1995, Miller for Senate incurred limited expenses associated with my fundraising and telephoning activities. These expenses were incurred primarily by the Delta Group, which was paid by Miller for Senate, Inc., or by Felix Miller, who was also paid by Miller for Senate, Inc.

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8. On or about October 1, 1995, Miller for Senate rented office space at 7115 Leesburg Pike in Falls Church, Virginia and began assembling a staff. After I officially kicked-off my campaign in December, 1995, Miller for Senate retained a payroll company, and hired campaign employees. See Press Release at Attachment 6. Prior to opening an office, I had issued a few press releases that I drafted and faxed out from my basement at home.

9. Commonwealth PAC was not intended to, and did not, provide any financial support whatsoever to my Senate campaign. In fact, my Senate campaign was better funded than Commonwealth PAC. The Complaint's allegation that my Senate campaign was floundering and in need of funds from Commonwealth PAC is absurd. Indeed, I loaned Commonwealth PAC \$5,000 of my personal funds and this debt is still outstanding. By the mid-year FEC report, the date mentioned in the Complaint, the Senate campaign had raised approximately \$193,000, while Commonwealth PAC had raised only about \$79,000. Indeed, the Senate campaign had approximately \$178,000 cash on hand, compared to about \$50,000 for Commonwealth PAC (after it paid Delta Group and for the database). Miller for Senate, Inc. was clearly in better financial shape than Commonwealth PAC.

10. In October of 1994, Commonwealth PAC purchased a comprehensive database from my 1994 Senate campaign for \$19,800. I was not directly involved in setting the purchase price, but I believe \$19,800 was a reasonable price, given that Miller for Senate, for example, spent almost this amount to merely rent, not buy, simple mailing lists that it used in 1995. For purposes of comparison, as indicated in the 1995 year-end FEC report, Miller for Senate paid Pinnacle List Company \$7,679.82 for the rental of lists in July and August, 1995, and

\$10,057.93 to Universal List Company for list rental in August. In other words, Miller for Senate paid about \$18,000 to rent lists in just these months.

11. I never solicited any contribution to Commonwealth PAC with any indication that it was intended to benefit my Senate campaign. To my knowledge, no one else did so either. Many of the contributors to Commonwealth PAC were old friends and supporters of mine. They contributed to Commonwealth PAC because they believed in me and my vision to assist Virginia Republicans.

12. I never used Commonwealth PAC funds to reduce my personal debt from my 1994 Senate campaign. Before Commonwealth PAC was established, my 1994 Senate campaign was indebted to me in the amount of approximately \$48,000 (\$20,000 loan, plus \$28,000 in unreimbursed expenses). This debt remained unchanged during the existence of Commonwealth PAC, and is still owed to me today. No portion of the debt to me was ever reduced with any funds from Commonwealth PAC, and there was never any transfer of funds from my 1994 campaign to the 1996 campaign. I received no fees from Commonwealth PAC. The only payments I received were for reimbursements for my travel and out-of-pocket expenses, which amounted to approximately \$4,100.

13. Commonwealth PAC was extremely active in assisting numerous Virginia State Republican candidates. We assisted over half of all the Republican candidates running for State office in 1995. The 78 candidates assisted by Commonwealth PAC through my direct personal appearances are identified on the attached list. See Attachment 1. An April 15, 1995 testimonial letter from one such candidate, Dan Evans, is also attached. See Attachment 3. The candidates were greatly appreciative of my efforts on their behalf. For example, Mr. Evans stated

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"words cannot explain the help you will give to myself and other challenger candidates" I am proud of the extensive efforts that I undertook on behalf of Commonwealth PAC to support Republican candidates in Virginia.

14. While traveling and attending events for Commonwealth PAC in support of numerous state candidates, I never advocated myself as a U.S. Senate candidate. I was meticulous in ensuring that my Senate candidacy was kept separate and apart from my activities associated with Commonwealth PAC. I never at any time used events paid for by Commonwealth PAC to advocate my election to the United States Senate.

15. Victor Gresham, M. Boyd Marcus, Jonathan Baron, and my son, Felix Miller, all did consulting work for Commonwealth PAC. Felix Miller answered phones, scheduled events, handled some record keeping, and arranged state candidate fundraisers for me to attend. Mr. Marcus helped arrange the activities at the 1995 Republican Advance in Charlottesville. Mr. Marcus' total payments were approximately \$1,770. Mr. Gresham provided extensive advice directly to candidates, campaign managers, finance directors, and parties interested in contributing to state candidates. Mr. Gresham was paid a total of approximately \$34,000 by Commonwealth PAC. Mr. Baron was involved in developing political and issue strategies relative to Commonwealth PAC and Virginia state elections. He was paid a total of approximately \$3,350 by Commonwealth PAC.

16. In 1995, I did not hire or use Victor Gresham or M. Boyd Marcus in any capacity in connection with my federal Campaign until Miller for Senate began paying them -- on August 24, 1995 in the case of Mr. Marcus and on July 3, 1995 in the case of Mr. Gresham. In fact, before these dates, there was no active campaign for them to work on as my U.S. Senate

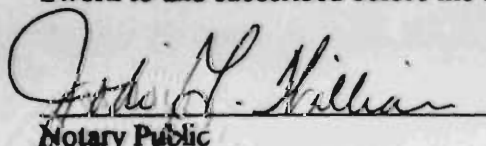
activities between March and October 1995 involved only the fundraising and telephoning efforts described above.

17. Mr. Baron was never an official spokesman for Miller for Senate, Inc. He was never an employee of, or consultant to, the campaign. I understand Mr. Baron interacted frequently with members of the press on numerous political issues involving a wide range of subjects. I have read the press account attached to the Complaint relating to Mr. Baron. To the extent Mr. Baron ever discussed my 1996 plans for the U.S. Senate with reporters, it would have been a minor, voluntary activity. Given his closeness to me, and the importance to his career of cultivating close relationships with Virginia political reporters, it is not surprising that my 1996 U.S. Senate campaign may have been a subject of conversation. However, Commonwealth PAC never paid Mr. Baron for any such activity.

FURTHER AFFIANT SAYETH NOT.


James C. Miller III

Sworn to and subscribed before me this 1 day of July, 1996


Notary Public

My Commission expires:

Sept 14, 2000

ATTACHMENTS TO AFFIDAVIT OF JAMES C. MILLER III

97043832177

1

Commonwealth Pac has helped Republicans running in 1995 by allowing Jim Miller to attend and be the prime draw at 60 candidate-specific events and at 36 non-candidate-specific events.

Here are the 78 candidates that Jim has directly supported by appearing at their events

97043832178

Vance Wilkins - 2 events
C Elaine McConnell - Chairman
C Russ Moulton - Delegate - 3 events
C Sandy Liddy-Bourne - Delegate
Bob Calhoun - Senate
C Dan Evans - Delegate- 2 events
C Jerry Gideon - Delegate
C Henry Lane Hull - Delegate - 3 events
Fred Quayle - Senate
C Dutch Andrews
C Jerry Flowers - Senate - 2 events
Phil Hamilton - Delegate- -2 events
C Dave Olson - Delegate - 2 events
C Demitrious Rerras - Delegate
C George Doumar - Delegate - 2 events
Phil Hamilton - Delegate (2nd event)
C Mike Walker - Delegate
C Trixie Averill - Delegate
C Jeff Fitzpatrick - Delegate - 2 events
Ben Winslow - Board of Supervisors
C Mychele Brickner - School Board
C Joe Mann - Senate
C Bill Bolling - Senate
C David Oblon - Senate - 2 events
C Paul Romano - Board of Supervisors
C Debra Quesinberry - Delegate
C Dave McWatters - Board of Supervisors
C Marty Williams - Delegate (?)
C Danny Diggs - Sheriff
C Dan Gardner - Delegate
C Mike Brown - Sheriff
C Emmet Hangar - Senate - 2 events
Ben Nicely - Delegate
C Steve Landes - Delegate
C Leslie Gibson - Delegate
C George Sterling - Supervisor
C Arthur Purves - School Board
C Fletcher Harkrader - Delegate
C Chris Lindsey - 2 events
Ed Robb - Senata
Miller -

C Rob McDowell
Vince Callahan
Dick Fisher
C McGuire

C Carl Sell
 C Bill Bolling
 Terry Kilgore - Delegate
 Allen Dudley - Delegate
 C Larry Roach - Delegate
 Robert Marshall - Delegate
 Raymond Andy Guest, Jr. - Delegate
 C Newell Falkinburg - Delegate
 Jay Katzen - Delegate
 William Mims - Delegate
 C Tom Bolvin - Delegate
 C Clancy McQuigg - Delegate
 Jack Rollison - Delegate
 Robert Orrock, Sr. - Delegate
 Peter Way - Delegate
 C T.W. Taylor - Delegate
 Kirk Cox - Delegate
 Roger McClure
 Jack Reid - Delegate
 Robert Nelms - Delegate
 C George Schaefer, III - Delegate
 C Jamie Shoemaker, Jr. - Delegate
 C Allen Face, III - Delegate
 Harvey Morgan - Delegate
 Tommy Norment - Senate
 C Bruce Wilcox - Senate
 Stephen Martin - Senate
 Mark Earley - Senate
 J. Brandon Bell - Senate
 Bo Trumbo - Senate
 Russ Potts - Senate
 C Pat Cupp - Senate
 William Wampler - Senate

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2

NATION PAC - COMMONWEALTH PAC - NATION PAC - COMMONWEALTH PAC

Suite 200

4914 Fitzhugh Avenue

Richmond, Va. 23230

October 13, 1994

Jim Miller has organized two Political Action Committees (PACs):

Nation PAC -- a federal PAC. Its major purpose is to support conservative (Republican) candidates for federal office in the 1994 Congressional cycle and to identify and nurture candidates for the 1996 Presidential and Congressional cycle. Financial support for Nation PAC is governed by federal law, which allows contributions up to \$1,000 per person and \$5,000 per PAC, but none from corporations.

Commonwealth PAC -- a state PAC. Its major purpose is to support conservative (Republican) candidates for state office in the 1995 elections for General Assembly and the 1997 cycle for House of Delegates and statewide office. The support will consist of identifying promising candidates, providing them with personal support and political guidance, supplying them with contacts leading to political and financial assistance, and contributing directly to their campaigns. Financial support for Commonwealth PAC will be governed by state law, which allows unlimited contributions from persons, PACs, and corporations.

Jim plans to be heavily involved in the activities of both PACs.

For the final three months of 1994, the preliminary operating budgets for the two PACs are as follows:

<u>Item</u>	<u>Nation PAC</u>	<u>Commonwealth PAC</u>
Direct contributions	\$9,000	
Miller travel	2,000	\$3,000
Consultants and staff	3,000	5,000
Out-of-state contributions	10,000	
Postage and printing	5,000	15,000
Miscellaneous	1,000	2,000
Asset purchases	3,000	17,000
Totals	\$33,000	\$42,000

Obviously, financial support for these efforts -- especially initial support -- is critical. Contributions have now been received for over one-third of the total indicated above.

To make a contribution to either or both PACs, please make the check(s) out to Commonwealth PAC and/or Nation PAC and remit same to the address on the letterhead. (As noted above, corporate checks can be accepted only for Commonwealth PAC.)

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3

Dan Evans

for Delegate
79th District



Virginians Need Less
Government
NOT MOORE

April 15, 1995

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Jim Miller
903 Turkey Run Road
McLean, Virginia 22101

Dear Jim,

I want to thank you for your donation to my campaign and your attendance at our kickoff. Like your speech at the convention (about your mother not taking your campaign seriously) my father also had trouble believing in mine. That is until he saw you Saturday. He leaned over and said "Jim Miller is here, your campaign must be for real."

Words can not explain the help you will give to myself and other challenger candidates in our quest to bring a Republican majority to Richmond.

Your continued support and the support of others like you is the reason we are going to win in November, and get politicians like Billy Moore out of our wallets permanently.

Gratefully Yours,

Dan Evans

P.O. Box 12 - Portsmouth, Virginia 23705-0012
Authorized by Dan Evans for Delegate

THE
DELTA GROUP
INC.

Letter of Agreement

The following terms and conditions constitute the contractual agreement between The Delta Group USA, Inc., (AGENCY) and the Commonwealth PAC (CLIENT) for comprehensive fundraising consulting and creative services.

Timing

The terms of this agreement shall begin effective April 1, 1995 and shall terminate June 30, 1995.

Scope of Services Provided

AGENCY agrees to implement the Commonwealth PAC comprehensive fundraising program that will include the following services:

- ☆ implement all fundraising events;
- ☆ coordinate CLIENT's Major Donor program; and
- ☆ produce the Direct Mail (Housefile and Prospecting) program.

This is not an exclusive agreement for either party. AGENCY reserves the right to serve other clients. CLIENT reserves the right to contract with other vendors.

Account Logistics

AGENCY agrees to hire a full-time Account Representative to assist in the management and implementation of CLIENT's account (to be coordinated with AGENCY's fundraising effort on behalf of the Miller for Senate campaign).

Jim Lamb will personally manage the entire Northern Virginia, Washington, D.C., and Regional events programs and the entire major donor portion of the fundraising effort. Scott Huch will personally oversee all direct mail programs.

Fundraising ▲ Direct Response Marketing ▲ Creative Services ▲ Political Consulting

Compensation

CLIENT shall pay to AGENCY compensation for this program in a manner as follows:

- ☆ The compensation for this program would be \$3,000 per month.
- ☆ There will be two additional incentives for total dollars raised and a \$.04 per piece payment on prospect roll-outs. In addition:
 - ☆ A bonus of \$2,500 will be payable if the program raises \$250,000 by December 31, 1995.
 - ☆ An additional \$5,000 bonus will be payable if \$500,000 is raised by December 31, 1995.
- ☆ Roll-out commissions on all prospect mail packages of 5,000 letters or greater. For example, on a mailing of 15,000 units, The Delta Group will receive a commission of \$400 (10,000 X \$.04) on the prospect packages in excess of the 5,000 quantity.

Please note that the retainer for comprehensive services would include the salary of a full-time professional Account Representative to assist us with the management of the Commonwealth PAC account and who would work on-site at The Delta Group.

All bonuses are payable and due immediately when goals are reached.

There will also be typical reimbursements to The Delta Group, Inc. for all out-of-pocket expenses such as: disbursements for printed materials (i.e. envelopes), telephone line installation and monthly service (if applicable), computer forms, special professional artwork, significant data processing, laserprinting, mileage, postage, mailshop services, travel expenses, etc.

The Delta Group, Inc. will obtain competitive bids from a minimum of three vendors for certain components of major projects to ensure the lowest cost and the highest quality of programming for the campaign.

All costs of special events including, but not limited to, invitations, catering, entertainment, rentals, programs, and other reasonable expenses will be billed directly to the Commonwealth PAC by the vendors involved.

Payment Terms

- ☆ CLIENT agrees to pay AGENCY monthly retainer of \$3,000 in full on the first day of each month.
- ☆ CLIENT agrees that payment for all invoices for expense reimbursement is due upon receipt.

Cancellation

Either party may cancel this agreement by giving thirty (30) days' written notice to the other party. During the thirty day period, those services requested by CLIENT will be rendered by AGENCY and agreed payments will be made by CLIENT.

Confidentiality

Any and all information and materials provided to AGENCY by CLIENT, whether orally or in written form, and all work performed by AGENCY under this Agreement shall be held by AGENCY and its contractors and agents in the strictest confidence and will not be disclosed to any other persons, firms or organizations whatsoever without the prior approval of CLIENT. All such information and materials remains the property of CLIENT.

No Consequential Damages

Notwithstanding any other provision contained herein, AGENCY shall in no event be liable to CLIENT or any third party for any incidental, special, indirect, exemplary, or consequential damages (including, but not limited to, loss of use or lost profits), whether foreseeable or not occasioned by or arising out of AGENCY's breach hereof or performance hereof or performance hereunder, delay in its performance or any other cause whatsoever, even if AGENCY has been advised of the possibility hereof.

Client's Exclusive Remedy

AGENCY's sole obligation, and CLIENT's exclusive remedy, in the event of an alleged breach of warranty or any alleged defect in any services furnished by AGENCY under this Agreement is the correction by AGENCY of such breach or defect. If after repeated effort AGENCY is unable to correct and continues not to attempt to correct within ten (10) days of receipt from CLIENT of written notice of such failure, any breach or defect in such services, CLIENT shall be entitled to terminate this agreement and to recover actual damages in an amount not to exceed the amount of fees paid by CLIENT to AGENCY under this Agreement. Both parties understand and agree that this exclusive remedy allocates risks of service defects between the parties as authorized by applicable law.

Resolution of Disputes

Any controversy or claim arising out of or relating to this Agreement, or the formation of breach thereof, shall be settled by arbitration in Fairfax County, Virginia, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

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Agreement

If the foregoing properly sets forth our agreement, please so indicate by executing two (2) copies of this document in the space provided below and returning both copies to AGENCY. One (1) executed copy of the Agreement will be returned to CLIENT.

The Delta Group USA, Inc. (AGENCY):

Agreed and accepted on behalf of the
Commonwealth PAC
(CLIENT):

James Lamb

By James G. Lamb, Senior Partner

By. [Signature]

4/10/95

Date

4/10/95

Date

9704332185

THE
DELTA GROUP
INC.

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Scope of Services Provided

AGENCY agrees to implement the Miller for Senate Campaign 1996 comprehensive fundraising program that will include the following services:

- ☆ implement all fundraising events;
- ☆ coordinate CLIENT's Major Donor program;
- ☆ produce the Direct Mail (Housefile and Prospecting) program;
- ☆ implement a telemarketing program;
- ☆ coordinate a Special Committee Development program; and
- ☆ execute a National PAC Support program.

This is not an exclusive agreement for either party. AGENCY reserves the right to serve other clients. CLIENT reserves the right to contract with other vendors.

Account Logistics

AGENCY agrees to hire a full-time Account Representative to assist in the management and implementation of CLIENT's account (to be coordinated with AGENCY's fundraising effort on behalf of the Commonwealth PAC).

Fundraising ▲ Direct Response Marketing ▲ Creative Services ▲ Political Consulting

Jim Lamb will personally manage the entire Northern Virginia, Washington, D.C., and Regional events programs and the entire major donor portion of the fundraising effort. Additionally, Jim Lamb and Jodi Mason will supervise the political action committee (PAC) solicitation component of the program. Scott Huch will personally oversee all direct mail programs.

Compensation

CLIENT shall pay to AGENCY compensation for this program in a manner as follows:

- ☆ The compensation for this program would be \$3,000 per month, with a commission of:

\$ 40,000 Gross raised	- \$1,500 Bonus
\$ 80,000 Gross raised	- \$1,500 Bonus
\$120,000 Gross raised	- \$1,500 Bonus
\$160,000 Gross raised	- \$1,500 Bonus

All bonuses are payable and due immediately when goals are reached.

- ☆ There will be two additional incentives for total dollars raised and a \$.04 per piece payment on prospect roll-outs. In addition:

- ☆ A bonus of \$2,500 will be payable if the program raises \$850,000 by December 31, 1995.

- ☆ An additional \$5,000 bonus will be payable if \$1 million is raised by December 31, 1995.

- ☆ Roll-out commissions on all prospect mail packages of 5,000 letters or greater. For example, on a mailing of 15,000 units, The Delta Group will receive a commission of \$400 (10,000 X \$.04) on the prospect packages in excess of the 5,000 quantity.

Please note that the retainer for comprehensive services includes the salary of a full-time professional Account Representative to assist us with the management of the Miller for Senate account and who would work on-site at The Delta Group.

All bonuses are payable and due immediately when goals are reached.

There will also be typical reimbursements to The Delta Group, Inc. for all out-of-pocket expenses such as: disbursements for printed materials (i.e. envelopes), telephone line installation and monthly service (if applicable), computer forms, special professional artwork, significant data processing, laserprinting, mileage, postage, mailshop services, travel expenses, etc.

The Delta Group, Inc. will obtain competitive bids from a minimum of three vendors for certain components of major projects to ensure the lowest cost and the highest quality of programming for the campaign.

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Resolution of Disputes

Any controversy or claim arising out of or relating to this Agreement, or the formation of breach thereof, shall be settled by arbitration in Fairfax County, Virginia, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

Agreement

If the foregoing properly sets forth our agreement, please so indicate by executing two (2) copies of this document in the space provided below and returning both copies to AGENCY. One (1) executed copy of the Agreement will be returned to CLIENT.

The Delta Group USA, Inc. (AGENCY):

Agreed and accepted on behalf of the
Miller for Senate Campaign 1996
(CLIENT):

James Lamb
By James G. Lamb, Senior Partner

By: [Signature]

4/10/95
Date

4/10/95
Date

97043632183



December 5, 1995

JIM MILLER'S REMARKS AT CAMPAIGN KICKOFF

When Thomas Jefferson wrote the Declaration of Independence, he said that a decent respect for the opinions of mankind compelled the signers to state their reasons for creating a new country. Likewise, I believe that a decent respect for the people of Virginia compels me to state my reasons for wanting to be your Senator.

To put it briefly, I want to be your Senator to restore the kind of national government that George Washington, Thomas Jefferson, James Madison, George Mason, and other great Virginians gave us in the first place.

They gave us a limited government. They gave us a government that would protect our lives, our liberties, and our property -- and otherwise would leave us alone. A government strong enough to stand up for our legitimate interests in the world, but not so overpowering as to become a burden or threat to honest, hard-working citizens.

They gave us a frugal government. They gave us a government that would not spend money without good cause; a government that would live within its means; and a government that would not oppress the people with a load of taxes and debt.

Lastly, they gave us a prudent government. They gave us a government whose actions were guided by practical experience and common sense -- not by wrong-headed theories about economic intervention and half-baked doctrines about social control. A government that respected traditional institutions -- such as family, church, community, and charities. A government that would do for the people only what the people were not capable of doing for themselves.

They gave us, in short, a government humble enough to know that it didn't have all the answers and wise enough to let states, communities, and individuals work out their own destinies, free of unwanted federal interference.

That was the government our Founders gave us, but it is not the government we have today. Today, we have a federal government that sets the design of the Founders on its head. We have a government that does what it shouldn't, and doesn't do what it should.

I want to change that. I want to be your Senator and be part of the solution, not part of the problem.

As I travel throughout the Commonwealth, I find that people are afraid and frustrated.

They are afraid of crime. They are afraid that the schools are not teaching their children the lessons they need to succeed in life. They are afraid of declining moral standards -- and of the "anything goes" approach that is fast becoming the norm. They are afraid for their livelihoods -- they are afraid that this country is no longer able to make it in a tough new global economy. They are afraid that their jobs are at risk. They are worried about high taxes and the soaring national debt. All in all, they're afraid that the American dream is dead and that their children won't have it better than they do, no matter how much they sacrifice or how hard they strive.

The people of Virginia are frustrated about criminals who have more rights than law-abiding citizens and about laws which impinge on their Second Amendment rights, while criminals have no trouble at all arming themselves and spreading terror. About teacher unions and federal bureaucrats who have more say over the kind of education their children receive than they do. About members of the cultural elite who say it is no longer possible to have clear-cut standards of right and wrong. They are frustrated to see the productive sector of our economy hobbled and harassed by excessive taxes and needless red tape.

They are frustrated that whenever states and localities come up with creative new solutions for welfare, health-care, poverty, and education, they have to go to Washington with their hats in their hands for permission to try them out. That the national government imposes obligations on the states, and expects the states to come up with the money to pay for them. And that the government is demanding more and more of the their hard-earned dollars and giving them less and less in return.

I believe that these negative feelings stem from a sense of powerlessness. I believe that people are afraid and frustrated because they know that things are going wrong and they feel powerless to do anything about it. In short, their future is clouded by uncertainty and a creeping anxiety that their children may not inherit the same country they grew up in.

Fortunately, this is not a permanent state of affairs. People can make a difference. They can take back their government. They can demand that power flow from the people to the government, not the other way around.

That is what my campaign is all about. I submit that until we restore balance, proportion, fiscal responsibility, and common sense to our national government -- and empower people to make the major decisions that affect their daily lives -- we will not be

able to solve our nation's problems.

Because I've been privileged to serve at the highest levels of our national government, I know that even our gravest problems are not insoluble. I know what can be done to make government behave more accountably and more responsibly.

For example, when I was President Reagan's "regulatory czar," I reduced the number of pages in the Federal Register, which lists all new government regulations, by 27 percent in just one year. How? By requiring agencies to meet a stringent benefit-cost test when they promulgated new rules. When I was President Reagan's Chairman of the Federal Trade Commission, I reined in an out-of-control agency and reduced its employees by one-third. How? By redirecting its activities and showing Congress that the FTC could do its job with fewer people.

Also, as President Reagan's budget director, I was instrumental in bringing the deficit down a record \$71 billion in just one year and halting the growth of spending. When President Clinton talks about getting the deficit down to the lowest level in 10 years, he's referring to my record. And when he cries crocodile tears over having spending, in real terms, grow only three percent next year, he should be reminded that in my first year as budget director spending in real terms actually fell -- for the first time in nearly two decades. And I don't recollect that any part of the sky fell in -- do you?

Now, while I'm opposed to big government, I do believe that government can be made to work for the best interests of the people. With important reforms and with the right people in charge, there is hope.

Let me give you some indication about what I would suggest we do to limit the federal government and make it more responsible. First, enact a balanced budget amendment. Second, cap spending growth to the rate of growth in the economy. Third, require a two-thirds vote of each House of Congress to increase tax rates. Fourth, enact term limits for Members of Congress. Fifth, institute a regulatory budget -- so that Congress can't get around spending limits by regulating us into oblivion.

The Democrats' philosophy of government, of course, is exactly the opposite, and the liberals in Congress will oppose the reforms I've just described. Their philosophy can be summed up in just two words: more government. The Democrats are always trying to persuade you that if a little arsenic would kill you, a double dose would restore you to life and health. We saw that kind of philosophy in action when President Clinton unveiled his monster health care plan a few years ago -- a Rube Goldberg device that would have given the American people a health care system that combined the efficiency of the Postal Service with all the compassion of the Internal Revenue Service.

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But that's not what the people of Virginia want and that's not what the American people want. They don't want more government, they want less government and they want good government. They want freedom, not compulsion. They want a limited government that works. Right now the new Republican majority in Congress -- the Second Reagan Revolution -- offers us the best opportunity in decades to cut our national government down to its proper size and to make it work. And I want to apply my own experience -- gained over years of study and actual service -- to provide leadership to help bring this transformation about.

At the same time, I know that government can't solve our problems alone, nor should it try. Instead, we should tap the enormous strengths of the private sector. This means supporting home-grown institutions and giving people power to make choices in matters that most concern them.

The government should respect the family, the community, and the traditional moral values that knit society together -- not fray those ties through ill-considered social policies.

The government should end its war on the American family. It should eliminate the so-called marriage penalty tax and should give greater tax relief to families with children. It should also stop subsidizing illegitimacy and other socially destructive behavior.

The government should quit undermining the work ethic; it should encourage able-bodied welfare recipients to find jobs. It should tear down counter-productive, senseless federal regulations that stand in the way of community action to create jobs and rebuild communities. And it should eliminate those regulations which threaten the creation of jobs through new business starts and corporate expansions.

Where private charities and community groups can do a better job of helping the needy than the government can, the government should delegate responsibility to those groups -- and, if necessary, help them along with tax credits and other benefits rather than having government monopolize the effort.

Government should give control of the schools back to the parents. I read in a newspaper just recently that the number of Virginia parents who home school their children has increased nearly 16 times in the last 10 years. Why do you suppose that is? I don't believe it's because people have given up on the idea of public schools, I think it's because people feel powerless to make the public schools respond to their needs. People at the local level pay the vast majority of the costs of running their schools. But who calls the tune -- the parents and the local taxpayers or the bureaucrats in Washington?

Federal social policy, in my view, should be directed toward making optimum use of vouchers and tax credits so as to give people a chance to direct their own lives and

destinies -- not toward having the federal government make their decisions for them.

Some three thousand years ago, the Psalmist asked: "If the foundations be destroyed, what can the righteous do?"

The policies of our national government should be directed toward shoring up, not tearing down, those foundations -- family, community, thrift, hard work, justice, decency, respect for the sanctity of life, and other institutions and values that reinforce our civilization. I think we've seen enough lives shipwrecked on the shoals of moral relativism; it's time to return to enduring moral truths.

There is one more issue that I want to address. Earlier I mentioned America's standing in the global economy. I don't share the pessimism of those who think we can't make it in a global market. We are a nation of over 250 million people; we have vast territories and vast resources. We have the brainpower, the technological development, and the will to overcome any obstacle before us. Moreover, we are the only nation in the world whose population is made up of people drawn from almost every other region in the world. I ask you: which country is in a better position than ours to succeed in a global economy?

The United States today is like Gulliver in the famous tale by Jonathan Swift -- a giant held down by red tape and small people. By cutting red tape, by controlling federal spending, by easing the tax burden, and by freeing up financial resources for productive uses, we can create the economic climate in which Virginians and all Americans can prosper and succeed.

But we need one thing more. We are the nation best suited to thrive in the global market -- but only if all the diverse people who make up this country can work together in a spirit of harmony and mutual respect. I only know of one way to make that kind of cooperation possible, and that is by treating people as individuals, and not as groups. If we allow ourselves to think in terms of group rights and group justice, then individual rights and individual justice are going to suffer as a result.

Over the past few minutes, I've tried to convey to you the essence of my own vision -- both for Virginia and for the country as a whole. In the weeks and months that follow, I'll have a lot more to say about specific issues -- about my views on taxes, for example: support of the flat tax, opposition to all tax increases of every description, and proposals to eliminate the tax on capital gains and to abolish the taxes on what you leave to your children. After all, there is no such thing as government money. It's your money -- money that you have earned -- and we need a government that respects the work you do instead of taxing it.

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Finally, a few notes about this contest for the Republican nomination. During the next six months I plan to discuss the issues, discuss the record, discuss qualifications, and further articulate my vision for Virginia. I urge John Warner to do the same and to join me in frequent debates. In fact, today I challenge him to at least one open debate in each of Virginia's 11 Congressional districts. The Republican Party of Virginia has invited us both to debate at the Huffman Advance next month in Richmond. I readily accepted, and I urge John Warner to do the same. This way Virginia Republicans can best judge whom they think should be the nominee of their party.

John Warner and I differ significantly over a number of important issues. For example, he's opposed term limits and tax cuts, and recently was named by the National Taxpayers Union as one of the five biggest spenders in the U.S. Senate.

Warner and I also differ over philosophy. I am a true Reagan conservative who will fight Bill Clinton and stand up for the taxpayers and families of Virginia. Last year, John Warner voted with Bill Clinton 60 percent of time and earned a reputation for being one of the Clinton Administration's favorite Republicans. With a conservative revolution sweeping our country, isn't it about time Virginia had in the United States Senate a Reagan Republican instead of a Clinton Republican?

I could close here by restating my vision. But if I were to sum up the reason why I want to be your Senator in just one sentence, I would say it's because you have a vision. You, the people of Virginia, all have visions of your own -- happy homes, promising careers, safe streets, economic security, and a better life for you and your children. My vision is to help you realize your vision and your dreams -- by returning government to its limited role, and thus empowering you so that you can take charge of you own destinies.

In a letter to Patrick Henry in 1775, John Adams wrote: "We all look to Virginia for examples." From the earliest days of our Republic, Virginia has been an example to the nation at large. Virginia can be an example now as we set our nation's course for the century to come. I want to be your Senator at this critical time. With God's help and yours I pledge to you to do all I can to reclaim our heritage and secure our future.

Thank you, and God bless the Commonwealth.



Printed and authorized by Friends of John Wagner 1990 Contributor

97043832195

Jim Miller

Box 839 Melcan, VA 22101 • Box 8496 Richmond, VA 23226 • 703-749-1150 (P) -1153 (F)

February 28, 1995

Hugh Key
P.O. Box 20923
Roanoke, VA 24018

Dear Republican Leader,

Over the past few months, many Virginia Republicans have urged me to run again for the United States Senate.

I want you, as a leader of our party, to be among the first to know that I have decided to take their advice: I shall seek the Republican nomination for U. S. Senate in 1996.

But before I go any further, let me say this loud and clear: the Virginia elections for House of Delegates and State Senate are still my #1 PRIORITY through 1995.

Last November, Governor Allen called a meeting of the Virginia Republican leadership and asked us to focus our attention and energies toward winning majorities in both chambers of the General Assembly this fall. Like everyone else, including Senator Warner, I promised Governor Allen that I would do precisely that: winning control of the General Assembly in 1995 must be our first priority.

Senator Warner has now broken the pledge that we all made in November, so I am forced to write to you today.

I simply need to know if I can count on your support in my race for the U. S. Senate, and then we can all get back to work on winning the 1995 elections.

**I hope you will complete the enclosed PLEDGE
OF SUPPORT CARD and return it to me today.**

Please give me just a moment to explain why I have decided to run for the U. S. Senate -- and why I have taken the extraordinary step of writing to you about this campaign today.

I believe our Commonwealth needs new, dynamic, conservative leadership in the U. S. Senate.

You and I should work to cut back on the federal government's intrusion into state affairs and into our personal lives by forcing it to live within its means.

You and I can put the state government on a diet and stimulate economic growth by electing more members of the General Assembly who will support Governor Allen's proposals to cut taxes and cut spending.

Unfortunately, my time line for communicating my intention to run for the U. S. Senate in 1996 had to be moved up because of the aggressiveness of the Warner campaign.

Despite the commitment he gave last November, Senator Warner has put his re-election effort into high gear by: (a) hiring fundraising and organizational personnel, (b) contacting Republican leaders to solicit their support, and (c) being very public about it.

In the wake of Senator Warner's violation of his commitment, I sought the advice of many Republican leaders across the state. The resounding response was that I had to make it clear that would be in this race, with every intention of winning the nomination and winning the general election in November.

I want you to know, however, that I intend to keep my word to make my major focus the elections this fall and so will campaign for Republicans across the Commonwealth. I, for one, live up to my commitments.

Since Goldwater '64, I have been a loyal Republican. I have campaigned for Republicans high and low. You see, I believe that if you participate in the process -- especially if you use the party to get nominated and elected to some high office -- you owe the party your utmost loyalty.

Last year, after Oliver North won the nomination, I campaigned across the Commonwealth for him and our other nominees.

And while I was campaigning alongside Ollie, Jim Chapman, George Sweet, George Landrith, Steve Fast, Kyle McSarrow, and Tom Davis -- John Warner was leading the charge for Marshall Coleman's independent candidacy -- which I believe cost Virginia a seat in the U. S. Senate and at least one seat in the U. S. House of Representatives.

I am thankful that gaining Republican majorities in both Houses of Congress did not hinge on Virginia's results, because Senator Warner's actions could have cost us majorities in both the House and the Senate.

In 1993, I supported our Republican ticket from top to bottom. I traveled the Commonwealth for George Allen, Jim Gilmore, and Mike Tarris. As you well know,

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John Warner refused to endorse the candidacy of the Republican nominee for Lt. Governor. Once again, Senator Warner's actions cost us a statewide elected office.

Senator Warner thus guaranteed the election of two Democrats -- Chuck Robb to the U. S. Senate and Don Beyer as Virginia's Lt. Governor.

And now, he has broken his pledge about 1996. Who or what is next?

As the enclosed editorial from the Washington Times put it: "There must be some Republican somewhere in Virginia that Senator Warner hasn't betrayed out of self-interest, but the list is getting shorter by the day."

Senator Warner's disloyalty to the Republican Party and to our nominees must not go unchallenged.

While I must begin to campaign, I will again travel the State to help our candidates for the General Assembly.

We face some very historic times. I want to work with you to elect people who will fight for Virginia's rights as well as the rights of each and every American -- to pass a Balanced Budget Amendment, to cut taxes, to reduced government regulations, to fight for the rights of the unborn, to provide parents with greater choice in the education of their children, to observe all of the Amendments to the Constitution (including the Second, Fifth, and Tenth), to enact term limits, to end unfunded mandates by the Federal Government, and to enact meaningful welfare reform.

A few weeks ago, the National Republican Senatorial Campaign Committee said it was targeting Senator Max Baucus of Montana because only 38 percent of the voters in that state think he deserves re-election. Yet, according to a recent poll by the Mason/Dixon organization, only 42 percent of Virginians think that Senator Warner deserves re-election.

Even before announcing, I am almost within the margin of error of the Senator in Mason/Dixon's poll of likely voters in a Republican primary -- 41 percent for Warner vs. 36 percent for me.

This kind of result is devastating news for any incumbent and is an indication of the difficulty Senator Warner would have in a straight-up race against a Democrat in the general election.

I can beat John Warner and win in November of 1996.

So, will you please give me your support? Together we can make a difference. Together we can return our U. S. Senate to the principled, conservative path. Together we can pursue our full potential as Americans and as Virginians without an over-taxing.

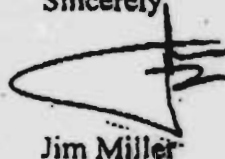
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over-regulating, and otherwise over-burdensome government putting up roadblocks every step of the way.

After you read the enclosed articles, please fill out the card and join the Miller Team as we fight to unite the Republican Party, win victories at the polls and carry our state and our nation to new heights.

Thank you ever so much!

Sincerely,

A stylized handwritten signature of Jim Miller, featuring a large, sweeping 'J' and 'M'.

Jim Miller

P.S. Every time Chuck Robb votes against our Republican "Contract with America," you can thank John Warner.

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AFFIDAVIT OF VICTOR GRESHAM

97043632200

**BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA**

In the Matter of:

James C. Miller, III
Miller for Senate Committee
Commonwealth PAC

MUR 4358

AFFIDAVIT OF VICTOR GRESHAM

Victor Gresham, being duly sworn, hereby deposes and states:

1. I am over the age of 18 years, am competent to testify to the matters stated herein, and make this Affidavit upon personal knowledge.

2. During 1995, I provided consulting services to Commonwealth PAC. My responsibilities included advising candidates and campaign managers, and responding to inquiries from persons interested in supporting state candidates at various events. I also advised finance directors and persons interested in contributing to state candidates. I was paid by Commonwealth PAC only for the services I performed for that organization, and at no time received any money from Commonwealth PAC for work on Jim Miller's 1996 Senate campaign. I received a total of approximately \$34,000 for my services to Commonwealth PAC.

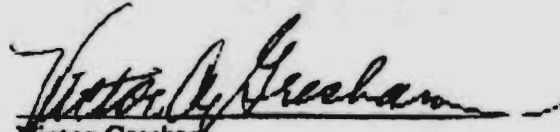
3. I also did some consulting work for Jim Miller's 1996 Senate campaign, and was fully paid by Miller for Senate for these services. My payments from Miller for Senate increased commensurate with my increasing work as the campaign geared up. I was paid \$2,000 on July 3, 1995; \$2,000 on August 2, 1995; \$6,500 on August 25, 1995; \$2,000 on August 29;

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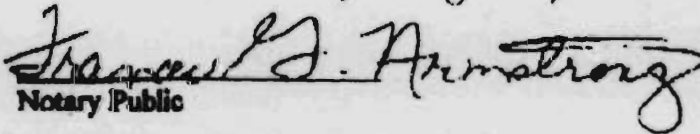
\$6,500 on September 28, 1995; \$6,500 on October 31, 1995; and \$6,500 on November 27, 1995. In 1995, I was paid a total of \$32,000 from Miller for Senate.

4. I am not aware of any solicitations for contributions to Commonwealth PAC that were intended to benefit Miller for Senate. I am also unaware of any instance where Jim Miller advocated his Senate candidacy while attending or participating in a Commonwealth PAC event.

FURTHER AFFIANT SAYETH NOT.


Victor Gresham

Sworn to and subscribed before me this 1st day of July, 1996
Commonwealth of Virginia, County of Henrico


Notary Public

My Commission expires:

9/30/98

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AFFIDAVIT OF FELIX MILLER

97043632203

**BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA**

In the Matter of:

James C. Miller III
Miller for Senate Committee
Commonwealth PAC

MUR 4352

AFFIDAVIT OF FELIX MILLER

Felix Miller, being duly sworn, hereby deposes and states:

1. I am over the age of 18 years, am competent to testify to the matters stated herein, and make this Affidavit upon personal knowledge.
2. Between April 1995 and August 1995, I worked as a consultant for Commonwealth PAC. During the same period, I provided consulting services to support Jim Miller's candidacy for United States Senate in 1996. As a consultant to both organizations, my time was divided, with slightly more time devoted to Commonwealth PAC. I kept my time to each organization separate and was paid approximately \$1,000 a month separately from each organization. Any expenses reimbursed to me from Commonwealth PAC were for my out-of-pocket costs, such as postage, supplies and mileage.
3. My responsibilities to Commonwealth PAC included scheduling fundraisers for Jim Miller to attend, scheduling political events, maintaining databases of potential supporters for various candidates, and some correspondence work. My work for Jim Miller's Senate

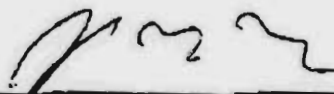
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campaign included basic accounting. I also was involved in preparing the 1995 mid-year and year-end FEC reports, as well as the the March 1996 FEC report. Before October 1995, I operated out of the basement in Jim Miller's home when I needed to work in an office.

4. I was not employed or placed on payroll by the 1996 Senate campaign until after October, 1995. Prior to that time, I operated with substantial independence and discretion in how to discharge my duties.

5. I attended over eighty percent (80%) of all the events in which Jim Miller participated on behalf of Commonwealth PAC. I know that Jim Miller did not advocate his Senate candidacy at any of these events. In addition, I am not aware of his advocating his Senate candidacy at any of the Commonwealth PAC events I did not attend. I am not aware that any solicitations for contributions to Commonwealth PAC were made with any indication that they would benefit Miller for Senate.

FURTHER AFFIANT SAYETH NOT.


Felix Miller

Sworn to and subscribed before me this 28 day of June, 1996


Notary Public

My Commission expires:

4-30-99

AFFIDAVIT OF M. BOYD MARCUS

97043032206

**BEFORE THE FEDERAL ELECTION COMMISSION
OF THE UNITED STATES OF AMERICA**

In the Matter of:

James C. Miller, III
Miller for Senate Committee
Commonwealth PAC

MUR 4358

AFFIDAVIT OF M. BOYD MARCUS

M. Boyd Marcus, being duly sworn, hereby deposes and states:

1. I am over the age of 18 years, am competent to testify to the matters stated herein, and make this Affidavit upon personal knowledge.
2. Beginning in October of 1994, I provided some consulting services to Commonwealth PAC. My responsibilities included helping to arrange activities at the 1995 Republican Advance in Charlottesville. I was paid on a "work-performed" basis, and was reimbursed for expenses incurred in that project. My total payments from Commonwealth PAC were approximately \$1,770.
3. I was not paid to do, and did not do, general consulting work for Jim Miller on the 1996 U.S. Senate campaign until December, 1995. Prior to that time, I provided computer and mailing services on a project basis, an opposition research project, and occasional campaign advice. I received my first compensation for the research project, \$10,000, in August.

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In 1995, Miller for Senate paid me a total of approximately \$23,200, and this was full payment for all the services I rendered and expenses I incurred for Miller for Senate during that period.

4. In October of 1994, Commonwealth PAC purchased a database from Jim Miller's 1994 Senate Campaign for \$19,800. This database included 5,156 names of previous contributors, 11,367 households of delegates to the 1994 Republican Convention, and over 100,000 voters with information on their Republican leanings and willingness to participate in Republican meetings. This database was far more expansive than merely a list of names, and included detailed information such as histories or voters political involvement.

5. I determined the purchase price of the database by calculating the amount of money that could potentially be generated by the database coupled with the costs of compiling and acquiring such expansive data. For example, the list of registered voters alone cost the 1994 campaign well over \$70,000 to compile, and the list of delegates is clearly worth at least .50 cents a name, or \$5683.50. The price of this database also reflected the understanding that it was being purchased by Commonwealth PAC, not merely rented.

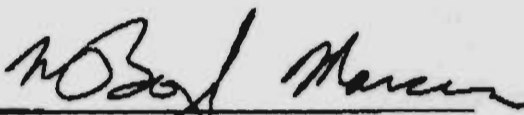
6. It costs considerably more to purchase a list than to rent or trade one. The database purchased by Commonwealth PAC included the names of proven contributors as well as much other valuable information. It was far from being a mere list of names and addresses. Based on my sixteen years of experience in the political consulting business, the price of the database, and the manner in which it was established, was fair and reasonable and represents the usual and commercial value for such a database.

7. I am not aware that any solicitations for contributions to Commonwealth PAC were made with any indication that they were intended to benefit Miller for Senate. I also

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am unaware of any occasion where Jim Miller advocated his Senate candidacy while engaged in efforts funded by Commonwealth PAC.

FURTHER AFFIANT SAYETH NOT.


M. Boyd Marcus

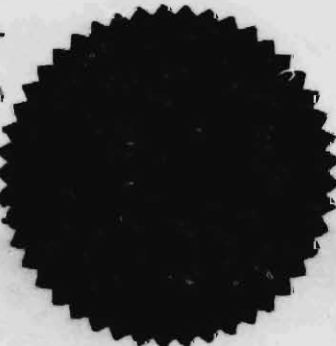
Sworn to and subscribed before me this 28 day of June, 1996.


Notary Public

My Commission expires:

8-31-99

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

ENFORCEMENT PRIORITY

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

II. CASES RECOMMENDED FOR CLOSURE.

A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission

EPS was created to identify pending cases which, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria which results in a numerical rating of each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified 34 cases which do not warrant further action relative to other pending matters.¹

¹ These cases are: MUR 4470 (*Ward for Congress*); MUR 4478 (*Citizens for Tom Reynolds*); MUR 4492 (*Friends of Ken Poston*); MUR 4498 (*Darryl Roberts for Congress*); MUR 4506 (*The Hon. Ted Little*); MUR 4512 (*Friends of Lane Evans*); MUR 4517 (*Unknown Respondent*); MUR 4518 (*Kansans for Rathbun*); MUR 4520 (*Larry Lerner for*

SENSITIVE

AUG 19 1997

**EXECUTIVE SESSION
SUBMITTED LATE**

Twenty one cases have remained on the Central Enforcement Docket for a sufficient period of time to render them stale, all of which are recommended for closure in this Report.⁴ This group includes four MURs that became stale several months ago, but were held pending criminal prosecution by the Department of Justice.⁵ DOJ obtained convictions in the two criminal cases related to these four MURs (*U.S. v. Jay Kim* and *U.S. v. Dynamic Energy Resources*) based upon guilty pleas by the key defendants, who are also the principal respondents in our pending matters. Pursuit of civil enforcement action in view of the satisfactory results obtained in the criminal cases would not be the most effective use of the Commission's scarce resources at this time.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective August 29, 1997. Closing these cases as

3

⁴ These cases are: MUR 4274 (GOPAC); MUR 4358 (Miller for Senate); MUR 4361 (ABC-TV); MUR 4368 (Citizens Business Bank); MUR 4380 (AFGE Local 2391 PAC); MUR 4385 (Dial for Congress); MUR 4386 (Zimmer for Senate); MUR 4396 (ABC); MUR 4404 (Friends of Steve Stockman); MUR 4410 (30th Legislative District); MUR 4417 (Our Choice II); MUR 4422 (Desana for Congress Committee); and Pre-MUR 336 (Park National Bank & Trust).

⁵ These cases are: MUR 3796 (Jay Kim for Congress); MUR 3798 (Jay Kim); MUR 4275 (Jay Kim); and MUR 4356 (Dynamic Energy Resources). In dismissing the Jay Kim cases, we also recommend closing Pre-MUR 352, which is the transmittal of the guilty plea agreement and related documentation in the criminal case against Congressman Kim forwarded by United States Attorney's office.

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of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

Pre-MUR 336

Pre-MUR 352

B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

MUR 3796	MUR 4396	MUR 4522	MUR 4559
MUR 3798	MUR 4404	MUR 4523	MUR 4560
MUR 4274	MUR 4410	MUR 4524	MUR 4562
MUR 4275	MUR 4417	MUR 4526	MUR 4566
	MUR 4422	MUR 4528	MUR 4574
MUR 4356	MUR 4470	MUR 4529	MUR 4576
MUR 4358	MUR 4478	MUR 4532	MUR 4579
MUR 4361	MUR 4492	MUR 4535	MUR 4580
MUR 4368	MUR 4498	MUR 4537	MUR 4584
	MUR 4506	MUR 4541	MUR 4588
MUR 4380	MUR 4512	MUR 4548	MUR 4613
MUR 4385	MUR 4517	MUR 4550	
MUR 4386	MUR 4518	MUR 4551	
	MUR 4520	MUR 4557	

8/14/97
Date

Lawrence M. Noble (712)
Lawrence M. Noble
General Counsel

Attachment:
Case Summaries

9704332212

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Enforcement Priority) Agenda Document No. X97-55

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 19, 1997, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions with respect to Agenda Document No. X97-55:

- A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. Pre-MUR 336.
 2. Pre-MUR 352.
- B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. MUR 3796.
 2. MUR 3798.
 3. MUR 4274.
 4. MUR 4275.
 5. MUR 4356.
 6. MUR 4358.
 7. MUR 4361.
 8. MUR 4368.
 9. MUR 4380.
 10. MUR 4385.
 11. MUR 4386.
 12. MUR 4396.
 13. MUR 4404.
 14. MUR 4410.
 15. MUR 4417.
 16. MUR 4422.
 17. MUR 4470.
 18. MUR 4478.

(continued)

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Federal Election Commission
Certification: Enforcement Priority
August 19, 1997

Page 2

19. MUR 4492. 20. MUR 4498. 21. MUR 4506.
22. MUR 4512. 23. MUR 4517. 24. MUR 4518.
25. MUR 4520. 26. MUR 4522. 27. MUR 4523.
28. MUR 4524. 29. MUR 4526. 30. MUR 4528
31. MUR 4529. 32. MUR 4532. 33. MUR 4535.
34. MUR 4537. 35. MUR 4541. 36. MUR 4548
37. MUR 4550. 38. MUR 4551. 39. MUR 4557.
40. MUR 4559. 41. MUR 4560. 42. MUR 4562.
43. MUR 4566. 44. MUR 4574. 45. MUR 4576.
46. MUR 4579. 47. MUR 4580. 48. MUR 4584.
49. MUR 4588. 50. MUR 4613.

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

Attest:

8-21-97
Date

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

97043032214



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John F. Hishta
7712 Island Creek Court
Alexandria, VA 22315

RE: MUR 4358

Dear Mr. Hishta:

On May 14, 1996, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on August 29, 1997. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Tufley", is written over the typed name.

F. Andrew Tufley
Supervisory Attorney
Central Enforcement Docket

97043832215



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Mary Shea Sutherland, Treasurer
Nation PAC
P.O. Box 18265
Richmond, VA 23226

RE: MUR 4358

Dear Ms. Sutherland:

On May 14, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Nation PAC and you, as treasurer. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Turley", is written over a horizontal line.

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

970432216



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Hugh Shafer, Jr., Registered Agent
8351 Greensboro Drive
McLean, VA 22102

RE: MUR 4358
IAC Services Company

Dear Mr. Shafer:

On May 14, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against IAC Services Company. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Tuttle
Supervisory Attorney
Central Enforcement Docket

97043832217



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 29, 1997

Robert P. Charrow, Esquire
CROWELL & MORING
1001 Pennsylvania Avenue, N.W.
Suite 10 North
Washington, D.C. 20004-2595

RE: MUR 4358
Koch Industries, Inc.

Dear Mr. Charrow:

On May 14, 1996, the Federal Election Commission notified your client of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

97043832218



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Gregory Nevers, Registered Agent
4551 Cox Road
Glenn Allen, VA 23060

RE: MUR 4358
Markel Corporation

Dear Mr. Nevers:

On May 14, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Markel Corporation. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

9704332219



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 29, 1997

Hamill D. "Skip" Jones, Jr.
FLORANCE, GORDON & BROWN, P.C.
909 E. Main Street
Richmond, VA 23196

RE: MUR 4358
Groome Transportation, Inc.

Dear Mr. Jones:

On May 14, 1996, the Federal Election Commission notified your client of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney

Central Enforcement Docket

97043832200



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 29, 1997

Alan Charles Raul, Esquire
BEVERIDGE & DIAMOND, P.C.
1350 I Street, N.W., Suite 700
Washington, D.C. 20005-3311

RE: MUR 4358

James C. Miller, III; Commonwealth PAC; Edward J. Fuhr, as treasurer; Jim Miller for U.S. Senate; Miller for Senate; and Jeffrey Eisenach, as treasurer of both Committees

Dear Mr. Raul:

On May 14, 1996, the Federal Election Commission notified your clients of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 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 prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4358

DATE FILMED 9-15-97 CAMERA NO. 4

CAMERAMAN JMN

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