



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

MEMORANDUM

**TO: The Commissioners
Staff Director
Deputy Staff Director
General Counsel**

FROM: Office of the Commission Secretary

A handwritten signature, possibly "JAS", enclosed in a circle.

DATE: August 7, 2002

**SUBJECT: Statement Of Reasons for MUR 4530 – DNC Services
Corporation/Democratic National Committee and its treasurer.**

**Attached is a copy of the Statement Of Reasons for MUR 4530
signed by Chairman David M. Mason, Vice Chairman Karl J. Sandstrom,
and Commissioner Bradley A. Smith.**

**This was received in the Commission Secretary's Office on
Wednesday, August 7, 2002 at 11:21 a.m.**

**cc: Vincent J. Convery, Jr.
OGC Docket (5)**

Attachment

EE.04.405.5081



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of)	
)	
DNC Services Corporation/)	MUR 4530
Democratic National Committee)	
and its treasurer)	

STATEMENT OF REASONS

On July 10, 2001, the Commission unanimously voted not to approve the Office of the General Counsel's recommendation to find probable cause to believe that the DNC Services Corporation/ Democratic National Committee and its treasurer ("DNC") violated 2 U.S.C. § 441e(a) with respect to a \$100,000 contribution to the DNC made on August 12, 1996 from Global Resource Management, Inc. ("GRM") derived from foreign national funds.¹ This statement provides the basis for the Commission's determination.

I. Background

The basic facts in this matter are described in the General Counsel's Brief in MUR 4530 dated January 22, 2001 at 135-138 ("Brief"). GRM was incorporated in Ohio on May 20, 1996. Dennis Eckart, a partner at Arter & Hadden, was approached by Dr. Ahmed Abdulshafi, who

¹ Commissioners Mason, McDonald, Sandstrom, Smith, Thomas and Wold voted not to approve this recommendation. The Commission has taken a number of actions in this matter with respect to this contribution. On June 2, 1998, the Commission found reason to believe that the DNC, GRM, Arter & Hadden and Dennis E. Eckart each violated 2 U.S.C. § 441e(a) in connection with this contribution. After an investigation, the Commission voted to take no further action against Arter & Hadden and close the file as it pertains to them and to find probable cause to believe that GRM knowingly and willfully violated 2 U.S.C. § 441e(a). Conciliation with GRM was concluded by an agreement accepted by the Commission on December 11, 2001. The Commission failed to approve the Office of the General Counsel's recommendation to find probable cause to believe that Dennis E. Eckart violated 2 U.S.C. § 441e(a) by accepting or receiving this contribution. Instead, by a vote of 6-0, the Commission voted to take no further action against Mr. Eckart and closed the file as it pertains to him. The Statement of Reasons providing the basis for the Commission's action, Statement of Reasons in MUR 4530 *In the Matter of Dennis Eckart* ("Eckart SOR"), is forthcoming.

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represented himself as a principal of GRM. They met to discuss a construction-related contractual matter in Saudi Arabia in which GRM may have had a claim. Mr. Eckart recommended that GRM contact International Planning and Analysis Center (IPAC), a consulting firm with specialized experience in this type of matter. GRM apparently retained IPAC soon after. Mr. Eckart and IPAC principal David J. Wimer, along with others, traveled to Saudi Arabia several times to obtain information relevant to the matter, meeting during their first trip with foreign national Dr. Mohammed Amin El Naggar, whose connection to GRM at the time went undisclosed, according to Mr. Eckart. During the course of his contacts with GRM, Eckart was apprised of GRM's other U.S. activities and concluded that GRM was a genuine United States corporation. GRM and IPAC were interested in contacting a former ambassador to Saudi Arabia, Ray Mabus, who, as a prominent individual knowledgeable about that country, might possibly assist them in their efforts. Eckart then learned and later informed Dr. Abdulshafi that Mr. Mabus was involved in President Clinton's 50th Birthday Celebration on August 18, 1996 and was also too busy to meet in the near future. According to Eckart, Dr. Abdulshafi and GRM President Jeffrey Niemeyer told Eckart that perhaps GRM officials could meet with Ray Mabus at the birthday event. Mr. Eckart's colleague obtained information about the event, and on July 12, 1996 GRM made a \$100,000 contribution to the DNC by a check forwarded first to Arter & Hadden's Washington office and then to the DNC.

II. Analysis

The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits the solicitation, acceptance, or receipt of any contribution from foreign nationals. 2 U.S.C. § 441e(a); 11 C.F.R. § 110.4(a). In determining whether to pursue political committees for accepting or receiving foreign national contributions, the Commission has considered the committee's knowledge of the foreign source of the funds used to make the contribution. Thus, the evidence must establish that the DNC knew or had reason to know of the foreign national source of the funds used to make the contribution.² Here, there is insufficient evidence that the DNC possessed such knowledge. For example, there was no indication on the face of the check or other information available to the DNC at the time indicating that the source of the funds used to make the contribution was a foreign national.

The General Counsel based its theory largely on the role of a purported agent of the DNC, Dennis E. Eckart. Brief at 138. Even if he were deemed the DNC's agent, however, the evidence available failed to establish that he knew or had reason to know that the contribution was impermissible. See Eckart SOR. Furthermore, the DNC asserts that after it "learned that the source of the contribution may have been a foreign national,"³ the contribution was refunded in

² Vice Chairman Sandstrom dissents as to this standard but agrees it has not been met. The Section 441e standard Commissioner Sandstrom applied required that a recipient of a contribution either had actual knowledge that the contribution was from a foreign national, or was aware of facts that would lead a reasonable person to conclude that there was a substantial probability that the source of the contribution was a foreign national.

³ DNC Response Brief dated March 23, 2001 at 68.

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January 1998, apparently within the time frame provided by 11 C.F.R. § 103.3(b)(2). Thus, based on the foregoing considerations, the Commission rejected the General Counsel's recommendation to find probable cause to believe that the DNC violated 2 U.S.C. § 441e(a) by accepting or receiving a \$100,000 contribution from GRM.

August 5, 2002



David M. Mason
Chairman



Karl J. Sandstrom
Vice Chairman



Bradley A. Smith
Commissioner

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