




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 

**DATE:** August 12, 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 Vice Chairman Karl J. Sandstrom and Commissioner  
Bradley A. Smith.

This was received in the Commission Secretary's Office on  
Monday, August 12, 2002 at 10:10 a.m.

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

Attachment

0305-504-40-22



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**SENSITIVE**

**BEFORE THE FEDERAL ELECTION COMMISSION**

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

**STATEMENT OF REASONS**

On May 22, 2001, by a 1-5<sup>1</sup> vote, the Commission declined 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 \$20,000 contribution accepted by the DNC from foreign national Sy Zuan Pan.

Treasurers are responsible for examining all contributions received for evidence of illegality. 11 C.F.R. § 103.3(b). However, section 103.3(b)(2) states that:

If the treasurer in exercising his or her responsibilities under 11 CFR 103.3(b) determined that at the time a contribution was received and deposited, it did not appear to be made by a corporation, labor organization, foreign national or Federal contractor, or made in the name of another, but later discovers that that it is illegal based on evidence not available to the political committee at the time of receipt and deposit, the treasurer shall refund the contribution to the contributor within thirty days of the date on which the illegality is discovered.

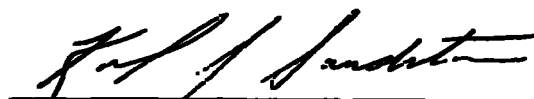
Sy Zuan Pan made his contribution to the DNC on September 18, 1996. There was no indication on its face that the check was from an illegal source. The contribution was identified as illegal in the House Interim Report submitted on November 5, 1998. The DNC promptly disgorged Pan's contribution shortly thereafter on November 12, 1998 after its outside counsel investigated the House Report finding.

<sup>1</sup> Commissioner Mason voted in the affirmative.

The undersigned rejected the Acting General Counsel's recommendation because the contribution was timely disgorged pursuant to 11 C.F.R. § 103.3(b)(2) and there was insufficient evidence the DNC had sufficient knowledge to have violated section 441e(a).

8/12/2002

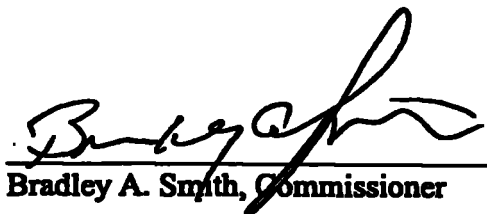
Date



Karl J. Sandstrom, Vice Chairman

8/7/02

Date



Bradley A. Smith, Commissioner

EE-04-405-5032