FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 458

DATE: 10/18/78

FILMED BY: [illegible]

7 9 0 4 0 0 3 7 1 0 0

FEDERAL ELECTION COMMISSION

MEMO 9/30/77 ~~[illegible]~~ to John Harmon fro. Doug Huron

MEMO 5/25/77 to John Harmon from Doug Huron

Letter 10/[illegible]/77 from Benjamin Civiletti (U.S. Dept. of Justice) to Commissioner Harris

Letter 10/[illegible]/77 from Benjamin Civiletti (U.S. Dept of Justice) to Doug Huron

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

✓	(1) Classified Information	___	(6) Personal privacy
___	(2) Internal rules and practices	___	(7) Investigatory files
___	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed ______________________

date ______________________

FEC 9-21-77

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

September 29, 1978

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
Eleven DuPont Circle
Washington, D.C. 20036

Re: MUR 458(77)

Dear Mr. ~~Eastman~~: Ron

This is to acknowledge receipt of your September 26, 1978 letter written on behalf of the 1976 Democratic Presidential Campaign Committee, enclosing payments for the reimbursement of the non-qualified campaign expenses and the civil penalty.

Accordingly, this matter can be considered closed. Attached is a copy of the signed conciliation agreement.

Sincerely,

Bill

William C. Oldaker
General Counsel

Enclosure

7 8 0 4 0 0 7 1 0 0 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

9/28/78
Date

William C. Oldaker
General Counsel

August 10, 1978
Date

Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Telex: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

September 26, 1978

BY HAND

Mr. William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

Pursuant to the conciliation agreement in the above-referenced matter, we are enclosing checks for $17,025.57 and $1,000.00 on behalf of the 1976 Democratic Presidential Campaign Committee. We verified the $17,025.57 reimbursement amount with David Federman of your office; due to mathematical error, the amount stated in the conciliation agreement exceeds the correct amount by twenty cents.

The Democratic National Committee is the source of the reimbursement, as suggested in your June 9, 1978 letter.

Very truly yours

Ronald D. Eastman

Ronald D. Eastman
Counsel for the 1976 Democratic
Presidential Campaign Committee

RDE/ngk
Enclosures

7 8 0 4 0 7 1 0 1 0

DNC SERVICES CORPORATION
GENERAL FUND
1625 MASSACHUSETTS AVENUE, NW.
WASHINGTON, D.C. 20036

1873

SEP 26 78

Sept. 25 19 78

15-120
540

PAY PAY 17025 57

DOLLARS $ 17,025.57

TO THE ORDER OF

U.S. Treasurer
Washington, D.C.

D.C. National Bank ★★★
DISTRICT OF COLUMBIA NATIONAL BANK Washington, D.C. 20005

⑆0540⑉0120⑆ 018⑈262 880⑈5⑈

DNC SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT

DELUXE - FORM WVC-3 V-7

78039071015

7 8 0 1 0 0 7 1 0 1 1

DNC SERVICES CORPORATION
GENERAL FUND
1625 MASSACHUSETTS AVENUE, NW.
WASHINGTON, D.C. 20036

1874

SEP 27 78

Sept. 25 19 78

15-120
540

PAY PAY$1,000 DOLLARS $ 1,000.00

TO THE ORDER OF U.S. Treasurer
Washington, D.C.

D.C. National Bank ★★★
DISTRICT OF COLUMBIA NATIONAL BANK Washington D.C. 20036

⑆0540⑈0120⑆ 018⑈262 880⑈5⑈

DNC SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT

DELUXE - FORM WVC-3 V-7

To: Aldaker

From: Ron Eastman

MUR 458

Checks for $17,025.57
and 1,000.00

7901007101

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036

David Federman or
Hal Ponder
Federal Election Commission
1325 K Street, N.W.
Fourth Floor
Washington, D.C. 20463

BY HAND

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman
Verner, Liipfert, Bernhard
  and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

78040071017

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

On March , 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

78040071018

Hal Ponder

Please contact ~~David Federman~~ (202/523-4000) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

78040071019

Ronald Eastman
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard
& McPherson
1660 L Street, N.W. - Suite 1000
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the orginary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of the memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron, Associate Counsel, White House, to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, the Committee has an opportunity to submit further information to demonstrate that no action should be taken. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work during January, February and March, 1977.

78040071020

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 1 0 2 1

200#
4664

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT I. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN H. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM H. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM R. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft

Eleven Dupont Circle

Washington, D.C. 20036

Telephone (202) 387-8100

Twx 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

78 AUG 29 AM 9:52

August 25, 1978

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

I received your letter, dated August 23, 1978, enclosing the conciliation agreement approved by the Commission in the above-docketed proceeding. The 1976 Democratic Campaign Committee, Inc. is pleased this matter can be terminated.

Forwarding the payments within five days from the date of your letter will be impossible as a practical matter. The Committee will forward the payments as soon as possible, but in no event later than 30 days from August 24, the date I received your letter.

If you have any questions or believe that we need to discuss this matter further, please do not hesitate to call.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

7 9 0 4 0 0 7 4 0 1 1 7

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

7 8 0 4 0 3 7 1 0 2 6

FEDERAL ELECTION COMMISSION

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

August 23, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Cadwalader, Wickersham and Taft
11 Dupont Circle
Washington, D.C. 20036

RE: MUR 458(77)

Dear Mr. Eastman:

On August 16, 1978, the Commission approved the enclosed conciliation agreement in settlement of this matter.

However, the case cannot be closed nor the agreement finalized until such time as the Commission receives the \$17,025.77 reimbursement and the \$1,000 civil penalty.

Therefore, please forward within five days of your receipt of this letter the required payments.

If you have any questions, please contact David Federman at 202/523-4073.

Sincerely,

William C. Oldaker
General Counsel

79040071024

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The 1976 Democratic Presidential) MUR 458(77)
Campaign Committee)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date	William C. Oldaker General Counsel
August 10, 1978 Date	Ronald D. Eastman Counsel for the 1976 Democratic Presidential Campaign Committee

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 458 (77)
The 1976 Democratic Presidential	)	
Campaign Committee	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on August 16, 1978, the Commission approved by a vote of 5-0 the conciliation agreement, signed by Ronald Eastman, counsel for the respondent committee, attached to the General Counsel's memorandum dated August 14, 1978.

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

Attest:

8/17/78
Date:

Margaret E. Chaney
for Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 8-14-78, 10:04
Circulated on 48 hour vote basis: 8-14-78, 3:00

August 14, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Memo and conciliation agreement distributed to the Commission on a 48 hour tally basis.

Thankyyou.

78040071030

FEDERAL ELECTION COMMISSION

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

August 14, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker

SUBJECT: Conciliation Agreement - MUR 458(77)

On July 27, 1978, the Commission approved the attached conciliation agreement which was forwarded to respondent 1976 Democratic Presidential Campaign Committee on August 1, 1978.

On August 10, 1978, the agreement was returned to the Office of General Counsel, signed by Ronald Eastman, counsel for the respondent committee.

It should be noted that one minor modification was made by this office. The word "advances" in paragraph III.G. was changed to "payments".

This office recommends that the Commission approve the attached conciliation agreement in settlement of this matter.

7 8 0 1 7 0 1 0 3 1

ACH #
4451

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POWELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft

Eleven Dupont Circle

Washington, D.C. 20036

Telephone: (202) 387-8100

Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

August 10, 1978

William C. Oldaker, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

I am enclosing two copies of the Conciliation Agreement in the above-referenced matter, signed on behalf of the 1976 Democratic Presidential Campaign Committee. Please return one fully executed copy of the Agreement to me.

Very truly yours,

Lynda S. Mounts

Lynda S. Mounts

LSM/ngk
Enclosures

7 8 0 4 0 7 0 1 0 7 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

7 8 0 1 0 7 1 0 3 5

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

7 8 0 4 0 7 1 0 3 1

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date

William C. Oldaker
General Counsel

August 10, 1978
Date

Donald D. Kautman
Counsel for the
1976 Democratic Presidential
Campaign Committee

7 8 0 4 0 6 7 1 0 1 5

FEDERAL ELECTION COMMISSION

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

August 1, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
11 DuPont Circle
Washington, D.C. 20036

RE: MUR 458(77)

Dear Mr. Eastman:

On July 27, 1978, the Commission declined to approve the Conciliation Agreement in this matter which was submitted by you on behalf of the 1976 Democratic Presidential Campaign Committee on July 21, 1978.

The Commission determined that a number of changes were required and approved the enclosed agreement, incorporating those modifications.

As you will note, the agreement contains a $1000 civil penalty provision, which is the minimum the Commission is willing to accept in this matter. In addition, the wording in proposed paragraphs V and VI was restored to that of the original proposal of April 18, 1978. All other modifications which were agreed to previously have been approved.

If your client agrees with the provisions of the agreement, please sign and return it to the Commission within seven (7) days of your receipt of this letter.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7 8 0 4 0 9 7 1 0 5 1

● SENDER Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- Show to whom and date delivered ......¢
- X Show to whom, date, and address of delivery ......¢
- RESTRICTED DELIVERY
Show to whom and date delivered ......¢
- RESTRICTED DELIVERY
Show to whom, date, and address of delivery $......

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ronald Eastman

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943940	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY   POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7 8 1 0 0 7 1 0 1 1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The 1976 Democratic Presidential) MUR 458(77)
Campaign Committee)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

______________________ Date

______________________ William C. Oldaker
General Counsel

______________________ Date

______________________ Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential	)	MUR 458 (77)
Campaign Committee	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 27, 1978, the Commission determined by a vote of 5-0 to approve the provisions of the conciliation agreement attached to the General Counsel's memorandum dated July 24, 1978, in the above-captioned matter, subject to the following amendments:

1. Paragraph V shall return to the corresponding Paragraph B contained in the conciliation agreement attached to the General Counsel's Memorandum of March 30, 1978.
2. Paragraph VI shall return to the language set forth in the corresponding Paragraph C in the conciliation agreement attached to the General Counsel's Memorandum dated March 30, 1978.
3. Paragraph VII shall contain a provision for a civil penalty of not less than $1,000.

Commissioner Springer was not present at the time of the vote on this matter.

Attest:

7/31/78
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

EXECUTIVE SESSION
July 27, 1978

FEDERAL ELECTION COMMISSION

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

July 24, 1978

MEMORANDUM TO: THE COMMISSION

FROM: WILLIAM C. OLDAKER

RE: MUR 458(77) - Conciliation Agreement

On March 15, 1978, the Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee violated 2 U.S.C. §434(b) and 26 U.S.C. §9007. On April 13, 1978, the Commission approved a proposed conciliation agreement.

Since that time staff has been negotiating a settlement based upon that agreement. Attached to this Memorandum is a conciliation agreement which the Committee is prepared to sign and which this office is recommending to the Commission for approval.

The significant modifications made in the agreement of April 13 are as follows:1/

1. Paragraph III. A. - The addition of the phrase "the Committee has cooperated fully with the Commission."

2. Paragraph III. G. - states that the expenses were reported as receivables from the Transition.

3. Paragraph VII. - civil penalty of $500 ($1000 originally asked).

4. Paragraph VIII - states that once effective, the agreement constitutes a complete bar to any further Commission action concerning the matters set forth in the agreement.

5. Paragraph IX. - states that the agreement shall not be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

1/ For convenience, all modifications have been underlined on the attached agreement.

In addition, there are minor changes in language and phraseology.

The agreement contains admissions of both alleged violations of the Act and provides, as noted above, for a civil penalty of $500. This office is recommending that that figure be accepted as the Committee has admitted the violations, has shown good faith by initially bringing the matter to the attention of the Department of Justice, and has cooperated with the Commission.

<u>RECOMMENDATION</u>

Approve the attached agreement.

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matters in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the advances described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

VI. After the Committee is reimbursed in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), it will then reimburse the U.S. Treasury in that amount. In no event will payment be later than 30 days after all parties have executed the agreement and the Commission has approved it.

VII. The Committee will pay a civil penalty in the amount of $500.00 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

______________________ Date

______________________ William D. Oldaker
General Counsel

______________________ Date

______________________ Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N. Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. McDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

July 21, 1978

BY HAND

Mr. David Federman
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458 (77)

Dear Mr. Federman:

On behalf of the 1976 Democratic Presidential Campaign Committee, we are enclosing a proposed Conciliation Agreement in the above referenced matter.

We understand the Department of Justice may have an opinion on the appropriate sources for funds for reimbursement to the Committee. We may propose a minor revision of the document in light of that opinion.

Very truly yours,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for 1976 Democratic
Presidential Campaign Committee, Inc.

LSM/ngk
Enclosure

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of

The 1976 Democratic Presidential Campaign Committee

MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matters in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the advances described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

7 9 0 4 0 1 7 1 0

VI. After the Committee is reimbursed in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), it will then reimburse the U.S. Treasury in that amount. In no event will payment be later than 30 days after all parties have executed the agreement and the Commission has approved it.

VII. The Committee will pay a civil penalty in the amount of $500.00 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date	William D. Oldaker General Counsel
Date	Ronald D. Eastman Counsel for the 1976 Democratic Presidential Campaign Committee

Cadwalader, Wickersham & Taft
Eleven Dupont Circle Washington D.C. 20036

Mr. David Federman
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

BY HAND

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

June 27, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Interim Report dated 6-23-78
Received in OCS: 6-23-78, 4:30

The above-mentioned document was circulated on a 24 hour no-objection basis at 12:00, June 26, 1978.

As of 1:30 p.m., this date, no objections have been received in the Office of Commission Secretary to the Interim Report.

7 8 0 4 0 1 7 1 0 5 5

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

7804007105

Gam
JUN 26 1978
12:00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

Interim Conciliation Report

As requested during our negotiation meeting of May 16, 1978, counsel for Respondent forwarded a counter-proposal conciliation agreement to the Office of General Counsel on June 6, 1978.

This office responded to the counter-proposal by letter dated June 9, 1978 in which we restated the Commission's determination that a civil penalty in the amount of $1,000 was appropriate, noted objections to the proposed language, enumerated several satisfactory sources for the reimbursement of the $17,025.77 in non-qualified campaign expenses, and suggested that a final negotiation session be arranged.

A meeting in our offices has been scheduled for June 27, 1978.

23 June 1978
Date

William C. Oldaker
General Counsel

7 8 0 4 0 1 7 1 0 5 8

JUN 9 1978

FEDERAL ELECTION COMMISSION

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

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
Eleven DuPont Circle
Washington, D. C. 20036

RE: MUR 458 (77)

Dear Mr. ~~Eastman~~ Ron:

On June 7, we received your revised draft of our proposed conciliation agreement in this matter. Unfortunately, it is unacceptable in its present form.

As you may recall from your May 16 meeting with Messrs. Federman and Ponder, the Commission will not accept a conciliation agreement in this matter without a civil penalty provision. The Commission has determined that an appropriate civil penalty in this situation, based on the amount involved in the violation, is $1,000.

Additionally, we have a number of objections to the language which you have incorporated into the proposed agreement.

There are a number of options available to the Committee regarding the proper source of reimbursement for the $17,025.77 in non-qualified campaign expenses. First, the individual recipients of the unlawful payments could return the money. Additional possible sources which would be satisfactory are the Democratic National Committee, individual contributions (subject to the limitations of 2 U.S.C. §441a), and President Carter, himself, as set forth in 26 U.S.C. §9007(b)(4). If you are considering other sources, we certainly would be willing to discuss those.

7 9 0 4 0 7 1 0 5 0

I hope that the foregoing answers your questions regarding the source of reimbursement and that we can now swiftly negotiate a settlement in this matter. Please contact Hal Ponder (202-523-4162) at your earliest possible convenience to conclude the negotiations and agree upon a conciliation agreement.

Sincerely,

Bill by Hal Ponder

William C. Oldaker
General Counsel

79040071060

20C3933
NRN

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

June 7, 1978

Mr. Hal Ponder, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 458(77)

Dear Mr. Ponder:

On behalf of the 1976 Democratic Presidential Campaign Committee we are enclosing our revised draft of the conciliation agreement proposed by you in the above matter.

Our proposed changes are noted below:

1. "Respondent" is changed to "Committee" throughout.

2. Page 1, Paragraph III A: We have added the word "any" in place of "its".

3. Pages 2-3, Paragraph III, G, H, I and J: We have added these paragraphs to reflect additional pertinent facts.

4. Page 3, Paragraphs IV, V, VI were designated A, B, and C on Page 2 of your proposal. We have deleted the word "made" before "in violation..." in paragraph A; and we have revised the language in Paragraphs B and C.

5. We have deleted Paragraph D, Page 2 of your proposal.

6. Page 3, Paragraphs VII and VIII: We have added these provisions.

7. Page 4, Paragraph IX: We have renumbered Paragraph IV "General Conditions" in your proposal.

We would like to meet with you as soon as it is convenient to discuss our proposal.

Sincerely,

Lynda S. Mounts

Lynda S. Mounts

LSM/dsf
Enclosure

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of)

The 1976 Democratic Presidential)
Campaign Committee) MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007;

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. The Committee voluntarily sought to correct any errors in this matter by contacting the Department of Justice in May and September 1977.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on transition-related matters in the Executive Office of the President.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on transition-related matters in the Executive Office of the President.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on transition-related matters in the Executive Office of the President.

G. The Committee reports that this was a salary payment which was incorrectly coded as "travel subsistence" because the Committee's payroll was being phased out at that time.

H. The Committee officials approving the disbursements never intended them to be final salary payments. Those officials believed they were approving advances for transition-related activities, and that the advances would be reimbursed by the Transition.

7 9 0 4 0 1 7 1 0 5 4

I. The Committee has fully disclosed all such advances to the Commission and has consistently treated the amounts in question as receivables due from the Transition.

J. After senior Committee officials became aware of these advances in May of 1977, the Committee wrote to the Office of Legal Counsel, Department of Justice, seeking advice as to the appropriate source of reimbursement. A similar request was made to the Commission on November 30, 1977. To date, neither the Justice Department nor the Commission has responded.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

VI. That the Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), as soon as the Committee is advised concerning the most appropriate source of reimbursement.

VII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

7 9 0 1 0 7 1 0 1 7 1

VIII. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly or willfully violated any provision of the Federal election laws.

IX. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date	William D. Oldaker General Counsel
Date	Ronald D. Eastman Counsel for the 1976 Democratic Presidential Campaign Committee

7 8 0 4 0 0 7 1 0 6 7

By Hand

Cadwalader, Wickersham & Taft

Eleven Dupont Circle, Washington, D.C. 20036

Mr. Willicam C. Oldaker, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION

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

May 31, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS mwE

SUBJECT: MUR 458 (77) - Interim Conciliation Report dated 5-26-78
Received in Office of Commission
Secretary: 5-26-78

The above-mentioned document was circulated on a 24 hour no-objection basis at 1:30 p.m., May 30, 1978.

There were no objections to the Interim Conciliation Report.

79040071053

May 26, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Conciliation Report on MUR 458 distributed to the Commission.

Thank you.

78040071069

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 458(77)
	)	
The 1976 Democratic Presidential Campaign Committee	)	
	)	

Interim Conciliation Report

Staff met with counsel for the Respondent in Commission offices on May 16, 1978 to discuss the proposed conciliation agreement.

We were unable to reach a satisfactory accord at that time and counsel for the Respondent offered to submit a written counter-proposal for our consideration.

Further discussions are anticipated once the counter-proposal is received.

for WO

William C. Oldaker
General Counsel

26 May 1978
Date

FEDERAL ELECTION COMMISSION

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

May 9, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Interim Status Report - dated and signed: 5-5-78
Received in Office of Commission Secretary: 5-5-78, 3:20

The above-mentioned document was circulated on a 24 hour no-objection basis at 3:00 p.m., May 8, 1978.

As of 4:00 p.m., this date, no objections have been received in the Office of Commission Secretary to the Interim Status Report.

79040271071

May 5, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Status Report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

78040071072

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 458(77)
The 1976 Democratic Presidential Campaign Committee	)	
	)	

Interim Status Report

On March 15, 1978 the Commission found reasonable cause to believe the Respondent violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

On April 13, 1978 the Commission approved the proposed conciliation agreement provided a $1000. civil penalty provision was inserted. The agreement with the insertion was sent on April 18, 1978.

The Office of General Counsel is currently awaiting the Respondent's response to the proposal.

5/5/78
Date

William C. Oldaker
General Counsel

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 18, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

7 8 0 4 0 7 1 0 7 4

458 Federman

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- [ ] Show to whom and date delivered ....¢
- [x] Show to whom, date, and address of delivery ....¢
- [ ] RESTRICTED DELIVERY
  Show to whom and date delivered ....¢
- [ ] RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery $ ....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ronald Eastman
Suite 1000
1660 L Street NW
Washington, DC 20036

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943695	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. L. Hunt

DATE OF DELIVERY
4/14/78

POSTMARK

1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO 1977—O-234-337

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic	)	MUR 458(77)
Presidential Campaign	)	
Committee	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Respondent") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007;

WHEREFORE, the Commission and Respondent, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Respondent and the subject matter of this case.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. Respondent voluntarily sought to correct its errors in this matter by contacting the Department of Justice in May and September 1977.

B. Respondent was the committee authorized to incur expenses to further the election of Jimmy Carter to the office of President of the United States.

C. Respondent received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totalling $14,612.09 were made by the Respondent to 20 individuals who worked on transition-related matters in the Executive Office of the President.

E. On March 15, 1977, a payroll payment in the amount of $1,113.58 was made by Respondent to an individual who worked on transition-related matters in the Executive Office of the President.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on transition-related matters in the Executive Office of the President.

WHEREFORE, Respondent agrees:

A. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses," and therefore were made in violation of Title 26, United States Code.

B. Respondent violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

C. That Respondent will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

D. Respondent will pay a civil penalty in the amount of $1,000 to the U.S. Treasury.

IV. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

______________________ ______________________
Date William C. Oldaker
General Counsel

______________________ ______________________
Date Robert J. Lipshutz
1976 Democratic Presidential
Campaign Committee

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The 1976 Democratic) MUR 458 (77)
Presidential Campaign)
Committee)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on April 13, 1978, at an Executive Session of the Federal Election Commission at which a quorum was present, the Commission determined by a vote of 4-1 to proceed with conciliation in the above-captioned matter, subject to the agreement containing a provision for a civil penalty of not less than $1,000.

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

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Date: April 14, 1978

FEDERAL ELECTION COMMISSION

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

April 3, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS mwE

SUBJECT: MUR 458 (77) - Conciliation Agreement OBJECTIONS

The above-mentioned document was circulated to the Commissioners at 4:00, March 30, 1978, on a 72 hour vote basis.

The following Commissioners have submitted objections thereby placing MUR 458 (77) on the Executive Session Agenda for April 6, 1978:

Commissioner Tiernan
Commissioner Aikens
Commissioner Thomson
Commissioner Springer

March 30, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached conciliation agreement in MUR 458 distributed to the Commission on a tally sheet (72 hour vote).

Thank you.

78040071081

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

March 30, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker

SUBJECT: MUR 458(77) Conciliation Agreement

On March 15, 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (Committee) had violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

The Committee has admitted the violations, has shown good faith, and has cooperated with the Commission. Therefore, it is the opinion of the Office of General Counsel that although repayment should be required, a civil penalty should not be imposed.

The Office of General Counsel recommends that the attached conciliation agreement be approved and sent to the Committee.

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

7 9 0 4 0 7 1 0 3 3

DISSENTING OPINION OF COMMISSIONER STAEBLER

TO MUR 458(77)

The Democratic Presidential Campaign Committee (the Committee) improperly paid transition expenses out of the publicly funded Presidential election campaign fund. At a later date, the Committee recognized that its action was improper and inquired of the Department of Justice what course of action it should take to correct its error. The Department referred the case to the Federal Election Commission.

In accordance with procedures followed in several other instances in which primary matching account or Presidential campaign fund expenditures were later found to be improper, the Commission directed the Committee to repay to the Treasury the full amount of the improper expenditures.

However, in addition to this repayment, a majority of the Members of the Commission determined to impose a civil penalty of $1000 upon the Committee. This is the only instance, to date, under Title 26, in which the Commission has proposed a civil penalty in addition to requiring the repayment of improper expenditures.

The circumstances in this case do not appear to be sufficiently different to warrant the imposition of a civil penalty.

I therefore dissent.

FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

MAR 2 2 1978

Re: MUR 458 (77)

Dear Mr. Eastman:

On March 15, 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

7 8 0 4 0 7 1 0 0 3

Please contact Hal Ponder (202/523-4162) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

458- UF

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- [ ] Show to whom and date delivered c
- [x] Show to whom, date, and address of delivery c
- [ ] RESTRICTED DELIVERY
  Show to whom and date delivered c
- [ ] RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery $......

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Ronald Eastman, Esq. Verner, Lipfert, Bernhard, and McPherson, Suite 1000, 1660 L St NW Wash DC 20036

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943224	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. L. Hunt

DATE OF DELIVERY 3/23/78

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO 1977—O-234-337

MAR 22 1978

7 8 0 4 0 7 1 4 0 3 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	
The 1978 Democratic Presidential	)	MUR 458 (77)
Campaign Committee	)	

CERTIFICATION

7801[illegible]71[illegible]7

I, Wendy McGhee Graham, Recording Secretary of the Meeting, do hereby certify that on March 15, 1978, the Commission determined by a vote of 5-0 to adopt the General Counsel's recommendation that there was reasonable cause to believe that the above-captioned committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b), and that the Commission send the draft letter attached to the General Counsel's report signed on February 27, 1978.

Wendy McGhee Graham

Wendy McGhee Graham
Recording Secretary of the Meeting

Wendy McGhee Graham
for Marjorie W. Emmons
Secretary to the Commission

Date: March 17, 1978

Before the Federal Election Commission

February 24, 1978

In the Matter of	)	MUR 458 (77)
	)	
The 1976 Democratic Presidential Campaign Committee	)	

General Counsel's Report

BACKGROUND

This matter was referred to the Commission by an October 18, 1977 letter from the Justice Department. The Department had received two memoranda sent from counsel for the respondent on May 25 and September 30, 1977. The memoranda indicated that the 1976 Democratic Presidential Campaign Committee (Committee) had paid the salaries of twenty individuals who had worked in the Executive Office of the President during the period following President Carter's Inauguration. Specifically, payments of $14,612.09 were made on February 28, 1977; $1,113.78 on March 15, 1977; and $1,299.90 on March 31, 1977, for a total of $17,025.77. The workers were involved in transition-related matters which counsel for respondent determined might not have been "qualified campaign expenses" within the meaning of the Act.

Counsel for respondent also pointed out in the memoranda that the March 31 payment in question had been erroneously described as being for "travel subsistence," when it was simply a payroll item.

The Justice Department referred the case to the Commission for our consideration on October 18, 1977.

On November 9, 1977, the Commission found reason to believe the Committee had violated 2 U.S.C. §434(b) and 26 U.S.C. §9007. The §434(b) violation was based on the erroneous description of the March 31, 1977 expense while the §9007 violation was based on the information that indicated the payments were not "qualified campaign expenses."

ANALYSIS

The 1976 Democratic Presidential Campaign was financed through public funding. As noted above, one of the conditions for accepting public funding is that the use of the funds is restricted to "defray qualified campaign expenses." 26 U.S.C. §9004(c)(1). Section 9007 enables the Commission to require reimbursement of the amount expended on non-qualified expenses.

11 C.F.R. §140.11(a)(3) states that "qualified campaign expense means an expense incurred by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of the candidates to the respective offices." 11 C.F.R. §140.11(e)(1) states that "'qualified campaign expense' does not include amounts paid for expenses incurred after the expenditure report period." In the case of a major party, the expenditure report period ends thirty (30) days after the date of the Presidential election. 11 C.F.R. §140.11.

The payments made to the twenty transition workers were not in furtherance of the election of the President or Vice President and were incurred after the expenditure report period was closed. It is clear that the payments were not qualified campaign expenses and the public fund should be reimbursed.

As to the 2 U.S.C. §434(b) violation, the Committee stated that an error had been made in its reports; that the description of the March 31 item as travel subsistence should have been payroll advance.

In summation, the Committee freely admits its errors in reporting and in using campaign funds for a non-qualified purpose; although the Committee contends and we agree that these violations were not intentionally committed.

RECOMMENDATION

Find reasonable cause to believe the Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Send attached letter.

2/27/78

FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

On March , 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

Please contact David Federman (202/523-4000) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The Democratic Presidential Campaign Committee	))))	MUR 458 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 7, 1978, the Commission accepted without objection the Interim Status Report on the above-captioned matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

7801007109

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 7, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS mwE

SUBJECT: MUR 458 (77) - Interim Status Report dated January 31, 1978

The above-mentioned document was circulated to the Commissioners on February 6, 1978 at 10:30.

There were no objections to the Interim Status Report.

ATTACHMENT:
Certification

February 3, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Status Report on MUR 458 distributed to the Commission on a 24 hourrno-objection basis.

Thank you.

78040071095

BEFORE THE FEDERAL ELECTION COMMISSION

January 31, 1978

In the Matter of	)	
	)	MUR 458(77)
The Democratic Presidential	)	
Campaign Committee	)	

INTERIM STATUS REPORT

This matter involves the payment of Committee funds to twenty "transition" workers in the Executive Office of the President during the period following President Carter's Inauguration.

On November 9, 1977 the Commission found reason to believe the Committee had violated 26 U.S.C. § 9007 and 2 U.S.C. § 434(b). The § 9007 violation was based on information that indicated the payments were not "qualified campaign expenses" while the § 434(b) violation was founded on the apparently erroneous description of an expense as "travel subsistence."

The Office of General Counsel received the Committee's response to our notification letter on December 10, 1977. The Committee explained the apparent § 434(b) violation as a bookkeeping error, but its explanation of the possible § 9007 violations raised a number of questions.

These questions were asked in a letter from the Office of General Counsel to Ronald Eastman, Esquire, counsel to the Committee.* We received the answers to the questions on January 24, 1978 and are currently studying them to determine our next step.

2/3/78
Date

William C. Oldaker
General Counsel

* A copy of the letter is attached for reference, along with the Committee's response.

7 8 0 4 0 7 1 0

FEDERAL ELECTION COMMISSION

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

January 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard & McPherson
1660 L Street, N.W.
Washington, D.C. 20036

Re: MUR 458 (77)

Ron

Dear Mr. Eastman:

This letter is in response to your letter of November 30, 1977, in which you explained the position of the Committee in regard to certain payroll payments from the Committee's surplus funds to twenty "transition" workers in the Executive Office of the President on February 28, March 15, and April 1, 1977.

Your letter raised a number of additional questions which should be answered before this matter can be closed.

As you will recall, these questions were posed to you during a telephone conversation on December 9, 1977 by Mr. David Federman of this office. As of January 5, 1978 we have not received a response. For the record, it is necessary that the questions, as well as your response be written.

Please answer the following questions:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

7 8 0 1 0 1 7 0 1 0 7 7

3. When and how did the Committee first learn of the nature of the expenses to these workers?

4. What was the method of payment to these individuals?

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

6. Who signed the checks to the individuals?

The Commission requires that these matters be handled expeditiously. Therefore, please submit within ten (10) days of your receipt of this letter, your responses.

If you have any questions regarding this matter, please contact David Federman (202-523-4039), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

A0C 3571

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000
1660 L STREET, N.W.
WASHINGTON, D.C. 20036

CABLE ADDRESS
VERLIP

(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY McPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

JOHN A. MERRIGAN
THOMAS E. ACEY, JR
JOSEPH L. MANSON, III
ROBERT R. BRINKER
LYNDA S. MOUNTS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
W. CLARK McFADDEN
EDWARD A. CHERRY

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

January 23, 1978

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

Re: MUR 458 (77)

Dear Mr. Federman:

This letter responds to your letter of January 6, 1978 asking for additional information in the above matter. The answers to your questions follow:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

Apparently, the payments were not carried as advances or receivables on the April 10, 1977 quarterly report inadvertently. The Committee recorded the payments as a receivable from the transition on its own books from the beginning. Enclosed is a copy of the original journal entry showing the charge to account 250-000, which is the accounts receivable account for the transition. As near as Committee accountants can tell, there is no reason this was not on the Committee's report other than an inadvertent omission. I would emphasize, however, that the disbursements themselves were fully disclosed in the April 10, 1977 report and that Committee always treated them as a receivable.

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Same answer as for Question 1.

3. When and how did the Committee first learn of the nature of the expenses to these workers?

Richard Harden, the Committee's Director of Budget and Finance, knew of the payments when they were made.

4. What was the method of payment to these individuals?

Payroll checks

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

There were no separate vouchers; although, there was documentation submitted to Richard Harden prior to payment.

6. Who signed the checks to the individuals?

Because the checks were handled through the Committee's payroll procedures, the signatures were by machine and presumably were those of Richard Harden and Robert J. Lipshutz or others authorized to sign checks. We have not attempted to see precisely whose signatures were on the checks, but can do so, if you believe that would be helpful.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

RDE/sss

ADP Automatic Data Processing Inc

COPY OF ORIGINAL JOURNAL ENTRIES

JOURNAL CODE · CONTROL NO. · (A) DATE

PAGE 1 OF 1

	Chart of Accounts Description (For Office Use Only - Do Not Keypunch)	(B) (*) Date Mo./Day	General Ledger Account Number (6 Positions) Prim. Code / Sub Code	Debit Amount (8 Positions)	Credit Amount (8 Positions)	Reference 1 (6 Positions) (Numeric)	Alphabetic Description (Not to Exceed 20 Positions)	Reference 2 (6 Positions) (Numeric)	Ref. 3 (3 Pos) (Num.)	
1										1
2										2
3										3
4							Thos. R. McDonald			4
5	0.00*						FEDERAL & FICA			5
6	452.51+						STATE W/H			6
7	10,044.11+									7
8	216.52+									8
	14,163.57+									
9	2,711.65+									9
10	32,613.09*						FEDERAL & FICA			10
11							STATE W/H			11
12	0.00*									12
13	189.41-									13
14	2,714.30-									14
15	377.25-									15
16	2,432.18-									16
	6,315.39-									
17	1,168.66-									17
18	14,415.90-									18
19	[illegible]									19
20										20
21										21
22										22
23										23
24										24
25										25

PAGE TOTALS TOTAL DEBITS ([illegible]) ([illegible]) TOTAL CREDITS

JOURNAL TOTALS TOTAL DEBITS ([illegible]) ([illegible]) TOTAL CREDITS

(*) DATE - USE ONE DATE (A) OR (B)
IF (B) IS USED (A) WILL BE IGNORED

L 37
1972 Automatic Data Processing, Inc.
ADP FORM

ACC 2571

LAW OFFICES
VERNER, LIIPFERT, BERNHARD AND McPHERSON
SUITE 1000
1660 L STREET, N. W.
WASHINGTON, D. C. 20036
CABLE ADDRESS
VERLIP
(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY McPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

JOHN A. MERRIGAN
THOMAS E. ACEY, JR
JOSEPH L. MANSON, III
ROBERT R. BRINKER
LYNDA S. MOUNTS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
W. CLARK McFADDEN
EDWARD A. CHERRY

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

January 23, 1978

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

Re: MUR 458 (77)

Dear Mr. Federman:

This letter responds to your letter of January 6, 1978 asking for additional information in the above matter. The answers to your questions follow:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

Apparently, the payments were not carried as advances or receivables on the April 10, 1977 quarterly report inadvertently. The Committee recorded the payments as a receivable from the transition on its own books from the beginning. Enclosed is a copy of the original journal entry showing the charge to account 250-000, which is the accounts receivable account for the transition. As near as Committee accountants can tell, there is no reason this was not on the Committee's report other than an inadvertent omission. I would emphasize, however, that the disbursements themselves were fully disclosed in the April 10, 1977 report and that Committee always treated them as a receivable.

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Same answer as for Question 1.

3. When and how did the Committee first learn of the nature of the expenses to these workers?

Richard Harden, the Committee's Director of Budget and Finance, knew of the payments when they were made.

4. What was the method of payment to these individuals?

Payroll checks

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

There were no separate vouchers; although, there was documentation submitted to Richard Harden prior to payment.

6. Who signed the checks to the individuals?

Because the checks were handled through the Committee's payroll procedures, the signatures were by machine and presumably were those of Richard Harden and Robert J. Lipshutz or others authorized to sign checks. We have not attempted to see precisely whose signatures were on the checks, but can do so, if you believe that would be helpful.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

RDE/sss

Automatic Data Processing, Inc.

JOURNAL CONTROL

(A) DATE

PAGE 1 OF 1

Chart of Accounts Description (For Office Use Only)		Debit Amount	Credit Amount	Reference 1 (Numeric)	Alphabetic Description	Reference 2 (Numeric)	Ref. 3 (Num.)	
								1
								2
								3
								4
[illegible]								5
[illegible]								6
[illegible]								7
[illegible]								8
[illegible]								9
[illegible]								10
								11
								12
[illegible]								13
[illegible]								14
[illegible]								15
[illegible]								16
[illegible]								17
[illegible]								18
								19
								20
								21
								22
								23
								24
								25

TOTAL CREDITS

DATE - USE ONE DATE (A) OR (B)
IF (B) IS USED (A) WILL BE IGNORED

LAW OFFICES
VERNER LIIPFERT BERNHARD AND MCPHERSON
SUITE [illegible]
1660 L STREET N. W.
WASHINGTON D C 20036

FEDERAL ELECTION
COMMISSION

78 JAN 23 P5:14

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard & McPherson
1660 L Street, N.W.
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is in response to your letter of November 30, 1977, in which you explained the position of the Committee in regard to certain payroll payments from the Committee's surplus funds to twenty "transition" workers in the Executive Office of the President on February 28, March 15, and April 1, 1977.

Your letter raised a number of additional questions which should be answered before this matter can be closed.

As you will recall, these questions were posed to you during a telephone conversation on December 9, 1977 by Mr. David Federman of this office. As of January 5, 1978 we have not received a response. For the record, it is necessary that the questions, as well as your response be written.

Please answer the following questions:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Ronald Eastman, Esq.
Page 2

3. When and how did the Committee first learn of the nature of the expenses to these workers?

4. What was the method of payment to these individuals?

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

6. Who signed the checks to the individuals?

The Commission requires that these matters be handled expeditiously. Therefore, please submit within ten (10) days of your receipt of this letter, your responses.

If you have any questions regarding this matter, please contact David Federman (202-523-4039), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

MUR 458 Federman

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered ... 15¢
- ☒ Show to whom, date, & address of delivery ... 35¢
- ☐ RESTRICTED DELIVERY Show to whom and date delivered ... 65¢
- ☐ RESTRICTED DELIVERY Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
Ronald Eastman, Esq.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	944684	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY 1-9-78

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

GOP 1976-O-203-456

PS Form 3811, Mar. 1976 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

December 16, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458 Team #2 Federman

Please have the attached Interim Invest. Report on MUR 458 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of December 21, 1977.

Thank you.

78040071109

BEFORE THE FEDERAL ELECTION COMMISSION
December 15, 1977

In the Matter of The Democratic Presidential Campaign Committee	)))))	MUR 458 (77)

INTERIM INVESTIGATORY REPORT

This matter involves the payment of Committee funds to twenty "transition" workers in the Executive Office of the President during the period following President Carter's Inauguration.

On November 9, 1977 the Commission found reason to believe the Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). The §9007 violation was based on information that indicated the payments were not "qualified campaign expenses" while the §434(b) violation was founded on the apparently erroneous description of an expense as "travel subsistence."

The Office of General Counsel received the Committee's response to our notification letter on December 10, 1977. An analysis of the Committee's reports and its response to our notification letter revealed a number of inconsistencies. The inconsistencies stem from the Committee's assertion in its response that these payments were never intended as final payments; that they were advances provided with the full expectation of prompt reimbursal. Yet the April 10 quarterly report listed them as payroll expenses, not as advances. Also, they were not carried as debts owed to the Committee, which would have been the proper procedure.

A telephone call was placed to Mr. Ronald Eastman, counsel to the Committee, on December 9, 1977, at which time Mr. Eastman was asked additional questions in order to explain the apparent discrepancies.

We are presently awaiting the Committee's response to those inquiries.

12/14/77
DATE

WILLIAM C. OLDAKER
GENERAL COUNSEL

ACC 2166

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000

1660 L STREET, N. W.

WASHINGTON, D. C. 20036

CABLE ADDRESS

VERLIP

(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY McPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
ROBERT R. BRUNKER
LINDA S. MOUNTS
RUSSELL F. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
WILLIAM C. McFADDEN

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

RECEIVED
FEDERAL ELECTION
COMMISSION

'77 DEC 1 AM 11:01

November 30, 1977

William C. Oldaker, General Counsel
Federal Election Commission
1325 K Street
Washington, D.C. 20463

Re: MUR 458 (77)

Dear Mr. Oldaker:

This letter is in response to your letter of November 10, 1977 in the above-referenced matter. In your letter, you noted that the 1976 Democratic Presidential Campaign Committee ("The Committee") made payments to twenty individuals on February 28, March 15 and March 31, 1977 in the total amount of $17,025.77. You state that the payments were not "qualified campaign expenses" under 26 U.S.C. 9007 and that the March 31 payment to Walter Kallaur was "incorrectly" reflected on the Committee's report as "travel subsistence" in violation of 2 U.S.C. 434 (b). You requested that the Committee provide any further information relevant to the inquiry and asked specifically that the Committee (1) name the source of the funds used to make payments and (2) specify whether the recipients performed any campaign related work during the first quarter of 1977.

THE FACTS

At the close of the transition period, a number of campaign workers had not found employment either in or outside of the new administration. Around mid-January a small office was established in the Executive Office of the President to help find jobs for qualified campaign workers. The office was completing a task begun during the transition. Initially, the head of the program, Mr. Walter Kallaur, asked nineteen individuals formerly employed by the Transition to help him on a voluntary basis. Although the program was initially intended to last for a short period, the project required several weeks. At that point, Mr. Kallaur, who was formerly a campaign employee and later the Transition Administrator, made an effort to obtain compensation for these individuals who were devoting long hours to their task.

Because there was confusion about the appropriate source of compensation for this activity, Mr. Kallaur arranged for an advance from the Committee's surplus from the 1976 general election campaign. Mr. Kallaur never intended the campaign funds to be the final source of the payments. The Committee carried them on its books as an account receivable from the Transition, and its FEC reports clearly identify this receivable.

Although most of the twenty people receiving payments worked exclusively on the program for placing campaign workers, several performed other tasks. In addition to taking overall responsibility for the program, Mr. Kallaur did some work on an energy and weather task force for the White House staff. Sara Gordon, Elizabeth Sadoff and Gary Packingham also did some work for this task force. Three individuals, Jon Stein, Jim Mitchell and Cass Cohen, worked full-time on Transition wrap-up matters: a list of those paid is included with memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron to Assistant Attorney General John Harmon of the Office of Legal Counsel. (I understand the Commission has both memoranda.)

Former Committee counsel first became aware of these advances in May of 1977. Believing that such payments might not be "qualified campaign expenses", Associate Counsel, White House, Douglas Huron, wrote to the Office of Legal Counsel seeking advice as to the appropriate source for reimbursing the Committee. (Mr. Huron was counsel to the Committee prior to joining the Administration.) To date, the Justice Department has not responded to that request. The Assistant Attorney General did, however, refer the matter to the Criminal Division of the Department of Justice. By letter dated October 28, 1977, a copy of which is attached, Benjamin R. Civiletti, Assistant Attorney General, Criminal Division, noted that the Justice Department had declined any prosecution as to 18 of the 20 individuals who received payments. It is still investigating payments made to two individuals who were also receiving federal salaries at the time. In our opinion, these payments raise issues that are completely unrelated to the federal election laws.

If we can provide further information, please do not hesitate to call.

Very truly yours,

Ronald D. Eastman

RDE/sss
attachment

THE ABSENCE OF NEED FOR ANY FURTHER ACTION

The Committee believes that no further action by the Commission is warranted in this matter for a number of reasons:

1. The Committee officials approving the disbursements never intended them to be final salary payments. They were advances, which those officials expected to be fully reimbursed promptly. According to these officials, the Committee had made similar advances to the Transition on occasions when the Transition's own funds were not immediately available. All such advances, including those at issue here, were fully disclosed to the FEC. Committee employees had even discussed the earlier advances with an FEC official, who had simply advised the Committee to be sure to obtain reimbursement.

2. The advances were made without consulting counsel; although, the past history of similar advances certainly suggested that the FEC might not consider the payments to be inappropriate. Nevertheless, as soon as Mr. Huron became aware of the advances, the Committee made an attempt to insure payment promptly out of an abundance of caution in the matter. The failure to obtain reimbursement to date results solely from the Justice Department's delay in responding substantively to Mr. Huron's May 25 request. The Committee still wants to be certain that reimbursement comes from a lawful source.

3. The listing of the last salary payment to Mr. Kallaur as "travel subsistence" was incorrect. The payment was listed that way, apparently, because the Committee was phasing out its payroll operation at the time the payment was made. The designation appears to have been a minor bookkeeping mistake, but counsel will continue to gather information on this item and advise you of the facts as soon as possible.

The Committee is anxious to close this matter promptly; however, it cannot receive reimbursement until it has advice as to the appropriate source for such reimbursement. Because of the vagueness of the law in this area, the Committee would greatly appreciate your view on this issue. Possible sources include (a) the Federal Treasury (b) private contributions or (c) the Democratic National Committee--among others.

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000

1660 L STREET, N.W.

WASHINGTON, D.C. 20036

'77 DEC 1 AM 11:01

William C. Oldaker, General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.   20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 10, 1977

Ronald Eastman
Counsel to 1976 Democratic
  Presidential Campaign Committee
Verner, Liipfert, Bernhard
  & McPherson
1660 L Street, N.W. - Suite 1000
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the ordinary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of the memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron, Associate Counsel, White House, to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, the Committee has an opportunity to submit further information to demonstrate that no action should be taken. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work during January, February and March, 1977.

7 7 1 1 7 0 4 0 8 4 7

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - ☐ Show to whom and date delivered ¢
   - ☑ Show to whom, date, and address of delivery ¢
   - ☐ RESTRICTED DELIVERY Show to whom and date delivered ¢
   - ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery $

   (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943059	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY — POSTMARK: NOV 1977

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

GPO 1977 O-234 337

PS Form 3811, Apr. 1977 — RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7804071118

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Democratic Presidential Campaign Committee	))))	MUR 458 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 9, 1977, the Commission adopted the recommendation of the General Counsel to find Reason to Believe that a violation of 26 U.S.C., Section 9007 and 2 U.S.C., Section 434(b), had been committed in the above-captioned matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 9, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - First General Counsel's Report

The above-mentioned document was circulated to the Commissioners on November 7, 1977 at 9:00.

As of 10:00 a.m., November 9, 1977, no objections have been received to the staff recommendation that reason to believe be found in MUR 458 (77).

Please note the attached comments from Commissioner Tiernan regarding inclusion of backup with the next General Counsel's Report.

Attachment

FEDERAL ELECTION COMMISSION

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

DATE AND TIME OF TRANSMITTAL NOV. 7-9:00

Commissioner Tiernan

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 9:00 - NOV. 8

MUR No. 458 (77)

( ) I object to the recommendation in the attached report.

COMMENTS: BZO reviewed file, i.e. referral letter and original memos of May and Sept. from D. Huron. Also spoke to Lynn Oliphant re: revisions in letter to Ron Eastman and request that full backup be supplied when the next G.L. Report is made.

Date 11/8/77 Signature Robert O. Tiernan

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

November 4, 1977

MEMORANDUM TO: Marge Emmons

FROM; Elissa T. Garr

SUBJECT: MUR 458 (77)

Please have the attached 7 Day Report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

78040071122

FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION ________

MUR NO. 458(77)
DATE COMPLAINT RECEIVED
BY OGC 10-18-77

Staff Mem. XXXXXXXx Oliphant

COMPLAINANT'S NAME: Referral from Department of Justice

RESPONDENT'S NAME: Democratic Presidential Campaign Committee

RELEVANT STATUTE: 26 U.S.C. §9007
2 U.S.C. §434(b)

INTERNAL REPORTS CHECKED: Committee Reports

FEDERAL AGENCIES CHECKED:

SUMMARY OF ALLEGATIONS

A letter from Benjamin Civiletti, Assistant Attorney General, indicates that salary payments to twenty individuals working in the Executive Office of the President immediately following the inauguration, were paid out of surplus 1976 general election funds by the 1976 Democratic Presidential Campaign Committee in the amount of $17,025.77. By memoranda dated May 25 and September 30, 1977, the White House requested advice from the Assistant Attorney General as to the appropriate means of reimbursing the Committee. Apparently, the Assistant Attorney General gave no advice to the Committee, and the matter was not referred to the Commission until October.

PRELIMINARY LEGAL ANALYSIS

26 U.S.C. §9007 requires that funds received from the Presidential Election Campaign Fund be used to defray only "qualified campaign expenses." Payment of transition-related expenses out of such funds gives reason to believe that 26 U.S.C. §9007 was violated. With the exception of one payment, the Committee reported the payments on reports filed with the Commission as receivables owed to the Committee from the Carter-Mondale Transition Planning Group.[1] One payment on March 31, 1977 of $1,299.90, which was for the same purpose as the other payments, was reflected on reports filed with the Commission as "travel subsistence," an apparent reporting error, in violation of 2 U.S.C. §434(b).

RECOMMENDATION

Find reason to believe that 26 U.S.C. §9007 and 2 U.S.C. §434(b) were violated by the 1976 Democratic Presidential Campaign Committee. Send attached letter.

---

[1] The September 30 memorandum sent to the Justice Department by the Committee alleges that an "FEC official was personally aware of them (the expenditures) and stated simply that the Committee should be sure to obtain reimbursement." The memorandum does not indicate who was the "FEC official."

7 9 1 1 7 0 4 0 7 9 2

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Ronald Eastman
Counsel to
1976 Democratic Presidential
  Campaign Committee
Verner, Liipfert, Bernhard
  & McPherson
1660 L Street N.W. - Suite 1000
Washington, DC 20036

Re: MUR 458(77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the ordinary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of your memoranda of May 25, 1977 and September 30, 1977 to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, you have an opportunity to submit further information to demonstrate that no action should be taken against you. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to

7 8 0 4 0 7 1 1 2

this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

7 9 0 4 0 0 7 1 1

GCC#1806 & 1893

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000
1660 L STREET, N. W.
WASHINGTON, D. C. 20036

CABLE ADDRESS
VERLIP

202 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY C. McPHERSON, JR.
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON

MICHAEL F. GOLDMAN
JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
HOWELL E. BEGLE, JR.
ROBERT R. BRINKER
LYNDA S. MOUNTS
WILLIAM L. PHILLIPS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
JEFFREY S. ROSEN
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

October 13, 1977

'77 OCT 14 AM 10:45

Mr. William C. Oldaker
General Counsel, Federal
Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

Dear Mr. Oldaker:

This is to advise you that I will be representing both the Committee for Jimmy Carter, the principal campaign committee during the prenomination period, and the 1976 Democratic Presidential Campaign Committee, Inc., the principal committee during the general election, in all matters arising before the Federal Election Commission.

Would you kindly make all communications, including correspondence, with those committees through me.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

CARTER TEAM TRANSITION FUNDS

~~Continued from First Page~~

auguration paychecks to at least 20 persons working on White House projects unrelated to the campaign—an apparent violation of federal election law.

In another instance, officials in charge of Carter's transition funds set up a special payroll system for temporary employes and issued more than 300 salary checks outside of normal government channels without deducting federal withholding taxes—an apparent violation of tax regulations.

To be sure, the amounts of money involved are small by government spending standards and the apparent indiscretions occurred at a time when officials new in their jobs were confronted by the turmoil that inevitably accompanies a change of administration.

But the two incidents [illegible] and [illegible] with Carter's [illegible] of managerial efficiency [illegible].

Moreover, some transition expenditures examined by The Times seem at variance with Carter's personal tightfistedness—a frugality that has caused aides to call him "tight as a tick."

The transition team's practices and expenditures are now being examined by General Accounting Office auditors at the request of the House Government Operations Committee, which last year drafted the transition spending law.

The Justice Department's civil frauds section investigated some of the transition team's activities last summer and said it found "no evidence of fraud, misrepresentation or false claim." But, according to several sources, the department's criminal division is [illegible] into at least one aspect of transition spending.

None of these [illegible] [illegible]

[illegible] assistant administrator of the General Services Administration, the government's housekeeping agency.

While Kallaur says, "in all modesty I think we did a decent job in managing the public's funds" during the transition, he also acknowledges that "we dropped the ball" on occasion.

According to internal White House memos obtained by The Times, Kallaur was instrumental in getting the campaign committee paychecks for 20 persons, including himself, who after the inauguration worked at the White House on a personnel placement project.

Kallaur said in a recent interview that he sought at the time to have the 20 persons placed on the White House payroll, because transition funds could not legally be used to pay them [illegible] for the [illegible].

[illegible]

paid."

Payments to the 20 were listed as "staff payroll" by the campaign committee in a report it filed in April with the Federal Election Commission. The next committee report, filed in July, lumped together $16,011.50 in payments and classified them as "salary advances" owed to the campaign committee by the Carter transition group.

Kallaur acknowledged that the 20 persons were working on White House matters unrelated to the campaign and "should not have" been placed on the campaign payroll.

The 1976 federal election law, which spelled out the system for public financing of presidential campaigns, requires candidates to use the federal grants only "to defray . . . qualified campaign expenses" and sets [illegible] of up to five years in prison and a $10,000 maximum fine for violations.

[illegible] B. Huron, associate White House counsel, [illegible]

[illegible]

House's request in May that the Justice Department's office of legal counsel give an opinion on how the money could be repaid to the campaign committee.

Huron said that "it was the understanding of everyone" that the payments were "to be treated as an advance, that it was to be repaid fairly soon."

The question now, he said, is whether repayment should come from "a government source or nongovernment source or what . . . It's not a situation where a payment was made that was not intended to be reimbursed. I think that's what is critical about it."

No mention of repayment, however, appeared in a [illegible] written by Kallaur [illegible] for the checks to be written by the campaign committee and sent to him for distribution. And the campaign committee, in the April report, [illegible] record the payments under the [illegible] [illegible] to [illegible] small [illegible] several other campaign workers.

Kallaur said an internal campaign audit turned up [illegible] the payments in April, and the matter was [illegible] White House and Justice Department [illegible]. "We gave them the [illegible] a red [illegible] [illegible] we

have done?'" he recalled. ". . . We've been trying to get it resolved. We realize we dropped the ball there.

"We did it with the best of intentions," he added.

Several months earlier, as the transition team's financial administrator, Kallaur set up a checking account at a Washington bank to make payments and receive reimbursements for a series of fund-raising trips Carter planned in behalf of the Democratic Party.

Carter's fund-raising journeys subsequently were canceled, but the checking account—created with cash transferred from the GSA, the agency designated by law as "administrator" of transition funds—was used to make more than 300 payments totaling more than $100,000.

The money was used, for instance, [illegible] more than 200 checks totaling [illegible] $70,000 to a category of employes known as "casual labor." [illegible] were mostly college students [illegible] other temporary employes hired on an hourly basis to handle the [illegible] of mail received by Carter after his election.

Kallaur argues that it was impractical to follow regular government payroll procedures for these part-time employes because of the time required to process Treasury checks.

Please Turn to Page 11, Col. 1

Los Angeles Times, 10-5-77

FORMER AIDE EMBARRASSED

Careless Use of Carter Transition Funds Cited

BY GAYLORD SHAW and GRAYSON MITCHELL
Times Staff Writers

WASHINGTON—With the flush of Jimmy Carter's victory last November came $2 million in federal funds, the most generous government allowance ever provided to smooth a President-elect's transition into the White House.

Carter and his lieutenants proclaimed that their transition would be a model of efficiency and order. "When the nation, through the news media, realizes the amount of work we've already done to prepare for the transition period," Carter said, "it will be recognized as an unprecedented effort."

And a month after his inauguration, Carter announced that $[illegible] of the transition money remained unspent and would be returned to the U.S. Treasury. "I'm very pleased with the work of the transition team," he said. ". . . I'm glad they were able to do their work in economical fashion."

Now, however, it appears that Carter may have spoken too soon. The Times has learned that White House aides and other Administration officials are trying to rectify some apparent violations of government rules in the handling of federal funds immediately before and after Carter took office.

In one instance, aides used leftover campaign money to provide post-in-

Please Turn to Page 10, Col. 1

over →

Los Angeles Times 11
Thurs., Oct. 6, 1977 —Part I

HANDLING OF TRANSITION FUNDS

Continued from 10th Page

"They could not wait for 10 days or seven days for a check," he said. "If they worked Thursday night, they expected to get paid on Friday."

In addition, he said, "to have GSA pay them . . . would entitle them to health benefits, retirement, the rest of that stuff, which is an added 10% overhead item."

Federal tax regulations, however, require that an employer deduct federal income taxes from paychecks unless the part-time employe signs a statement—officially, form W-4E—certifying that he or she is exempt from withholding [illegible] he or she [illegible] taxes for the past year and [illegible] current year. [illegible] requirement—as does the Social Security system.

In paying part-time employes from the special checking account, transition officials neither withheld [illegible] the required [illegible]

[illegible] to Kallaur's attorney, he said, "[illegible] were out of compliance, we [illegible] to be, and we'll get into compliance. We were operating under the impression we weren't under those requirements."

At stake is an estimated $8,200 in unpaid Social Security taxes and an undetermined amount of federal, state and local income taxes. Kallaur said that recovering the money now from the part-time employes would be "an administrative nightmare." He said he was consulting with GSA and IRS officials for advice on how to proceed.

Other salary payments were made by Kallaur from the checking account, under pressure from his superiors.

[illegible] paying salaries, Kallaur [illegible] checking account [illegible] living expenses in the capital.

[illegible] documents indicate the payments were [illegible] the [illegible] GSA [illegible]

In early [illegible] of the transition planning staff, sent Kallaur a memo asking that "the maximum payable per diem relocation allowance" be paid an employe, and Kallaur complied. He also complied when another employe requested reimbursement of expenses that "included the initial move to Washington," the documents showed.

Such memos describing the $500 lump sum payments as relocation allowances used "sloppy phraseology," Kallaur said.

Kallaur said he had a reputation during the transition of being "a [illegible]," and records indicate that he was a stickler on some expense [illegible].

[illegible] after the inauguration, he [illegible] checks from [illegible] travel [illegible] approved.

[illegible] Cecil D. Andrus [illegible] fare from Idaho [illegible]

[illegible] and other [illegible]

[illegible] Ambassador Andrew Young on the same day repaid $614 for his family's expenses at the Sea Island, Ga., resort where Carter conducted a three-day meeting with his Cabinet members in December.

Repayments also have been required from 75 transition employes who lined up in November and December to collect a total of $18,310 as travel advances, purportedly for trips to Annapolis, Md. The trips were never taken—in fact, the employes never intended to take them. The payments were actually salary advances.

After news stories last spring disclosed the pattern of [illegible] travel advances, the Justice Department's criminal division began an inquiry which, according to several sources, [illegible]

[illegible] of the Justice Department [illegible] fraud section, [illegible] from GSA auditors [illegible] items" of [illegible]

[illegible] for food and favors for a Christmas party for transition employes—an amount repaid five months later by the Democratic National Committee.

Five working days after receiving the documents, J. Roger Edgar, chief of the civil frauds section, wrote GSA that his review found no indication of fraud. But he said the GSA, not the Justice Department, "has the responsibility to recover alleged improper expenditures" and, thus, "I refer the matter back to your agency for further consideration and for appropriate agency action . . ."

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 458

7 8 0 4 0 0 7 1 1 3 1

FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 458

Date Filmed 3/15/79 Camera No. --- 2

Cameraman GPC

MUR 458

79040113497

FEDERAL ELECTION COMMISSION

8/28/78 Memo to: Bill Oldaker

From Dave Federman

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

____	(1) Classified Information	____	(6) Personal privacy
____	(2) Internal rules and practices	____	(7) Investigatory files
____	(3) Exempted by other statute	____	(8) Banking Information
____	(4) Trade secrets and commercial or financial information	____	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed [signature]

date 2/15/79

FEC 9-21-77

FEDERAL ELECTION COMMISSION

MEMO 9/30/77 ~~from~~ to John Harmon from Doug Huron

MEMO 5/25/77 to John Harmon from Doug Huron

Letter 10/12/77 from Benjamin Civiletti (U.S. Dep't of Justice) to Commissioner Harris

Letter 10/28/77 from Benjamin Civiletti (US Dep't of Justice) to Doug Huron

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act, 5 U.S.C. Section 552(b):

✓	(1) Classified Information		(6) Personal privacy
	(2) Internal rules and practices		(7) Investigatory files
	(3) Exempted by other statute		(8) Banking Information
	(4) Trade secrets and commercial or financial information		(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed ______________________

date ______________________

FEC 9-21-77

FEDERAL ELECTION COMMISSION

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

September 29, 1978

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
Eleven DuPont Circle
Washington, D.C. 20036

Re: MUR 458(77)

Ron

Dear Mr. ~~Eastman~~:

This is to acknowledge receipt of your September 26, 1978 letter written on behalf of the 1976 Democratic Presidential Campaign Committee, enclosing payments for the reimbursement of the non-qualified campaign expenses and the civil penalty.

Accordingly, this matter can be considered closed. Attached is a copy of the signed conciliation agreement.

Sincerely,

Bill

William C. Oldaker
General Counsel

Enclosure

78040071007

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	))	MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

7 9 0 4 0 0 7 1 5 0 9

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

78040071010
79040110502

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

9/28/78
Date

William C. Oldaker
General Counsel

August 10, 1978
Date

Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

78040071011

3CC#
502

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-8146
667465

September 26, 1978

BY HAND

Mr. William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

Pursuant to the conciliation agreement in the above-referenced matter, we are enclosing checks for $17,025.57 and $1,000.00 on behalf of the 1976 Democratic Presidential Campaign Committee. We verified the $17,025.57 reimbursement amount with David Federman of your office; due to mathematical error, the amount stated in the conciliation agreement exceeds the correct amount by twenty cents.

The Democratic National Committee is the source of the reimbursement, as suggested in your June 9, 1978 letter.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman
Counsel for the 1976 Democratic
Presidential Campaign Committee

RDE/ngk
Enclosures

7 9 0 4 0 7 0 0 1 4 7

7 8 0 1 0 0 7 1 0 1 3

DNC SERVICES CORPORATION
GENERAL FUND
1625 MASSACHUSETTS AVENUE, NW.
WASHINGTON, D.C. 20036

1873

SEP 25 78

Sept. 25 19 78 15-120/540

PAY PAYED 17,025.57 DOLLARS $ 17,025.57

TO THE ORDER OF U.S. Treasurer
Washington, D.C.

D.C. National Bank ★★★
DISTRICT OF COLUMBIA
NATIONAL BANK
Washington, D.C. 20006

⑆0540⑈0120⑆ 018⑈262 880⑈5⑈

DNC SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED

DELUXE - FORM WVC-3 V-7

7804007101 4

DNC SERVICES CORPORATION
GENERAL FUND
1625 MASSACHUSETTS AVENUE, NW.
WASHINGTON, D.C. 20036

1874

SEP. 25 78

Sept. 25 19 78

15-120
540

PAYED 1000

PAY DOLLARS $ 1,000.00

TO THE ORDER OF

U.S. Treasurer
Washington, D.C.

D.C. National Bank ★★★

DISTRICT OF COLUMBIA
NATIONAL BANK
Washington, D. C. 20006

⑆0540⑉0120⑆ 018⑉262 880⑉5⑈

DNC SERVICES CORPORATION
WASHINGTON, D.C. 20036

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE - FORM WVC-3 V-7

7 9 0 4 0 4 4 0 5 0 7

To: Aldiber

From: Ron Eastman

MUR 458

Checks for $17,025.57
and 1,000.00

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036

9 0 4 0 1 1 1 0 5 0 3

David Federman or
Hal Ponder
Federal Election Commission
1325 K Street, N.W.
Fourth Floor
Washington, D.C. 20463

<u>BY HAND</u>

29040170105

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

~~78040071017~~
79040110509

27

~~78040071018~~
79040110510

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

On March [illegible], 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

Please contact David Federman (202/523-4000) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

79040110511

Ronald Eastman
Counsel to 1976 Democratic
  Presidential Campaign Committee
Verner, Liipfert, Bernhard
  & McPherson
1660 L Street, N.W. - Suite 1000
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the orginary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of the memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron, Associate Counsel, White House, to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, the Committee has an opportunity to submit further information to demonstrate that no action should be taken. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work during January, February and March, 1977.

78040071020
79040110512

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

78040071021
79040110513

GCC * 4666

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. McDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

RECEIVED
FEDERAL ELECTION
COMMISSION
'78 AUG 28 AM 9:52

August 25, 1978

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

I received your letter, dated August 23, 1978, enclosing the conciliation agreement approved by the Commission in the above-docketed proceeding. The 1976 Democratic Campaign Committee, Inc. is pleased this matter can be terminated.

Forwarding the payments within five days from the date of your letter will be impossible as a practical matter. The Committee will forward the payments as soon as possible, but in no event later than 30 days from August 24, the date I received your letter.

If you have any questions or believe that we need to discuss this matter further, please do not hesitate to call.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036

AUG 27 AM 9 42

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 23, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Cadwalader, Wickersham and Taft
11 Dupont Circle
Washington, D.C. 20036

RE: MUR 458(77)

Dear Mr. Eastman:

On August 16, 1978, the Commission approved the enclosed conciliation agreement in settlement of this matter.

However, the case cannot be closed nor the agreement finalized until such time as the Commission receives the $17,025.77 reimbursement and the $1,000 civil penalty.

Therefore, please forward within five days of your receipt of this letter the required payments.

If you have any questions, please contact David Federman at 202/523-4073.

Sincerely,

William C. Oldaker
General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

78040071026

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

78040071027

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

____
Date

____
William C. Oldaker
General Counsel

August 10, 1978
Date

Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

78040071028

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	))))	MUR 458 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on August 16, 1978, the Commission approved by a vote of 5-0 the conciliation agreement, signed by Ronald Eastman, counsel for the respondent committee, attached to the General Counsel's memorandum dated August 14, 1978.

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

Attest:

8/17/78
Date:

Margaret E. Chaney
for Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 8-14-78, 10:04
Circulated on 48 hour vote basis: 8-14-78, 3:00

78040071029

August 14, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Memo and conciliation agreement distributed to the Commission on a 48 hour tally basis.

Thankyyou.

~~78040071030~~
79040110522

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 14, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker

SUBJECT: Conciliation Agreement - MUR 458(77)

On July 27, 1978, the Commission approved the attached conciliation agreement which was forwarded to respondent 1976 Democratic Presidential Campaign Committee on August 1, 1978.

On August 10, 1978, the agreement was returned to the Office of General Counsel, signed by Ronald Eastman, counsel for the respondent committee.

It should be noted that one minor modification was made by this office. The word "advances" in paragraph III.G. was changed to "payments".

This office recommends that the Commission approve the attached conciliation agreement in settlement of this matter.

78040071031

GCC # 4451

Cadwalader, Wickersham & Taft

Eleven Dupont Circle

Washington, D.C. 20036

Telephone: (202) 387-8100

Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N. Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LABELLUM
TELEX: 12-9146
667465

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

August 10, 1978

William C. Oldaker, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458(77)

Dear Mr. Oldaker:

I am enclosing two copies of the Conciliation Agreement in the above-referenced matter, signed on behalf of the 1976 Democratic Presidential Campaign Committee. Please return one fully executed copy of the Agreement to me.

Very truly yours,

Lynda S. Mounts

Lynda S. Mounts

LSM/ngk
Enclosures

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date

William C. Oldaker
General Counsel

August 10, 1978
Date

Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

78040071035

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
11 DuPont Circle
Washington, D.C. 20036

RE: MUR 458(77)

Dear Mr. Eastman:

On July 27, 1978, the Commission declined to approve the Conciliation Agreement in this matter which was submitted by you on behalf of the 1976 Democratic Presidential Campaign Committee on July 21, 1978.

The Commission determined that a number of changes were required and approved the enclosed agreement, incorporating those modifications.

As you will note, the agreement contains a $1000 civil penalty provision, which is the minimum the Commission is willing to accept in this matter. In addition, the wording in proposed paragraphs V and VI was restored to that of the original proposal of April 18, 1978. All other modifications which were agreed to previously have been approved.

If your client agrees with the provisions of the agreement, please sign and return it to the Commission within seven (7) days of your receipt of this letter.

Sincerely yours,

William C. Oldaker
General Counsel

Enclosure

7 8 0 4 0 0 7 7

7804007103 8

MUK 458 ✓Federman

PS Form 3811 Apr 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER Complete items 1, 2, and 3
Add your address in the RETURN TO space on reverse

1 The following service is requested (check one).
- Show to whom and date delivered ______ ¢
- Show to whom, date, and address of delivery ______ ¢
- RESTRICTED DELIVERY Show to whom and date delivered ______ ¢
- RESTRICTED DELIVERY Show to whom, date, and address of delivery $______

(CONSULT POSTMASTER FOR FEES)

2 ARTICLE ADDRESSED TO:
Ronald Eastman

3 ARTICLE DESCRIPTION

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943940	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4

DATE OF DELIVERY

POSTMARK

5 ADDRESS (Complete only if requested)

6 UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO 1977-0-249-595

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)
	)	

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

78040071039

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matter in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the payments described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. The Committee violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

VI. The Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

VII. The Committee will pay a civil penalty in the amount of $1000 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia

78040071041

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

____
Date

____
William C. Oldaker
General Counsel

____
Date

____
Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

78040071042

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential	)	MUR 458 (77)
Campaign Committee	)	

<u>CERTIFICATION</u>

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 27, 1978, the Commission determined by a vote of 5-0 to approve the provisions of the conciliation agreement attached to the General Counsel's memorandum dated July 24, 1978, in the above-captioned matter, subject to the following amendments:

1. Paragraph V shall return to the corresponding Paragraph B contained in the conciliation agreement attached to the General Counsel's Memorandum of March 30, 1978.

2. Paragraph VI shall return to the language set forth in the corresponding Paragraph C in the conciliation agreement attached to the General Counsel's Memorandum dated March 30, 1978.

3. Paragraph VII shall contain a provision for a civil penalty of not less than $1,000.

Commissioner Springer was not present at the time of the vote on this matter.

Attest:

7/31/78
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

78040071043

EXECUTIVE SESSION
July 27, 1978

FEDERAL ELECTION COMMISSION

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

July 24, 1978

MEMORANDUM TO: THE COMMISSION

FROM: WILLIAM C. OLDAKER

RE: MUR 458(77) - Conciliation Agreement

On March 15, 1978, the Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee violated 2 U.S.C. §434(b) and 26 U.S.C. §9007. On April 13, 1978, the Commission approved a proposed conciliation agreement.

Since that time staff has been negotiating a settlement based upon that agreement. Attached to this Memorandum is a conciliation agreement which the Committee is prepared to sign and which this office is recommending to the Commission for approval.

The significant modifications made in the agreement of April 13 are as follows:1/

1. Paragraph III. A. - The addition of the phrase "the Committee has cooperated fully with the Commission."

2. Paragraph III. G. - states that the expenses were reported as receivables from the Transition.

3. Paragraph VII. - civil penalty of $500 ($1000 originally asked).

4. Paragraph VIII - states that once effective, the agreement constitutes a complete bar to any further Commission action concerning the matters set forth in the agreement.

5. Paragraph IX. - states that the agreement shall not be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

1/ For convenience, all modifications have been underlined on the attached agreement.

78040071044

In addition, there are minor changes in language and phraseology.

The agreement contains admissions of both alleged violations of the Act and provides, as noted above, for a civil penalty of $500. This office is recommending that that figure be accepted as the Committee has admitted the violations, has shown good faith by initially bringing the matter to the attention of the Department of Justice, and has cooperated with the Commission.

RECOMMENDATION

Approve the attached agreement.

78040071045
79010110537

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	MUR 468(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matters in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the advances described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

VI. After the Committee is reimbursed in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), it will then reimburse the U.S. Treasury in that amount. In no event will payment be later than 30 days after all parties have executed the agreement and the Commission has approved it.

VII. The Committee will pay a civil penalty in the amount of $500.00 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

78040071043

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

Date	William D. Oldaker General Counsel
Date	Ronald D. Eastman Counsel for the 1976 Democratic Presidential Campaign Committee

hand-delivered 7-21-78 5PM

OGC # 4232 NRD

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
RONALD D. EASTMAN
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
WENDELL B. ALCORN, JR.
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY S. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT B. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. MCDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft
Eleven Dupont Circle
Washington, D.C. 20036
Telephone: (202) 387-8100
Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LASELLUM
TELEX: 12-9146
667405

July 21, 1978

7804007105 0

BY HAND

Mr. David Federman
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

Re: MUR 458 (77)

Dear Mr. Federman:

On behalf of the 1976 Democratic Presidential Campaign Committee, we are enclosing a proposed Conciliation Agreement in the above referenced matter.

We understand the Department of Justice may have an opinion on the appropriate sources for funds for reimbursement to the Committee. We may propose a minor revision of the document in light of that opinion.

Very truly yours,

Lynda S. Mounts

Ronald D. Eastman
Lynda S. Mounts

Counsel for 1976 Democratic
Presidential Campaign Committee, Inc.

LSM/ngk
Enclosure

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007.

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. After bringing this matter to the government's attention by contacting the Department of Justice in May and September of 1977, the Committee has cooperated fully with the Commission in resolving this matter.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on personnel-related matters in connection with the transition of administrations.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on personnel-related matters in connection with the transition of administrations.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on personnel-related matters in connection with the transition of administrations.

G. The Committee reported the advances described in paragraphs D and F to the Commission as receivables from the Transition.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

VI. After the Committee is reimbursed in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), it will then reimburse the U.S. Treasury in that amount. In no event will payment be later than 30 days after all parties have executed the agreement and the Commission has approved it.

VII. The Committee will pay a civil penalty in the amount of $500.00 to the U.S. Treasury.

VIII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

IX. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly and willfully violated any provision of the Federal election laws.

X. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

7804007105
7804071154

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

____________________ ____________________
Date

William D. Oldaker
General Counsel

____________________ ____________________
Date

Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

78040071054

Cadwalader, Wickersham & Taft

Eleven Dupont Circle, Washington, D.C. 20036

Mr. David Federman
Office of General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

BY HAND

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

June 27, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Interim Report dated 6-23-78
Received in OCS: 6-23-78, 4:30

The above-mentioned document was circulated on a 24 hour no-objection basis at 12:00, June 26, 1978.

As of 1:30 p.m., this date, no objections have been received in the Office of Commission Secretary to the Interim Report.

7 8 0 4 0 0 7 1 0 5 5
7 9 0 4 0 1 1 3 5 4 8

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

78040071057

79040110549

Garr
JUN 26 1978
12:00

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
The 1976 Democratic Presidential) MUR 458(77)
Campaign Committee)

Interim Conciliation Report

As requested during our negotiation meeting of May 16, 1978, counsel for Respondent forwarded a counter-proposal conciliation agreement to the Office of General Counsel on June 6, 1978.

This office responded to the counter-proposal by letter dated June 9, 1978 in which we restated the Commission's determination that a civil penalty in the amount of $1,000 was appropriate, noted objections to the proposed language, enumerated several satisfactory sources for the reimbursement of the $17,025.77 in non-qualified campaign expenses, and suggested that a final negotiation session be arranged.

A meeting in our offices has been scheduled for June 27, 1978.

23 June 1978
Date

William C. Oldaker
General Counsel

7804007105 8
7904011050

JUN 9 1978

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

Ronald Eastman, Esquire
Cadwalader, Wickersham & Taft
Eleven DuPont Circle
Washington, D. C. 20036

RE: MUR 458 (77)

Dear ~~Mr. Eastman~~ Ron:

On June 7, we received your revised draft of our proposed conciliation agreement in this matter. Unfortunately, it is unacceptable in its present form.

As you may recall from your May 16 meeting with Messrs. Federman and Ponder, the Commission will not accept a conciliation agreement in this matter without a civil penalty provision. The Commission has determined that an appropriate civil penalty in this situation, based on the amount involved in the violation, is $1,000.

Additionally, we have a number of objections to the language which you have incorporated into the proposed agreement.

There are a number of options available to the Committee regarding the proper source of reimbursement for the $17,025.77 in non-qualified campaign expenses. First, the individual recipients of the unlawful payments could return the money. Additional possible sources which would be satisfactory are the Democratic National Committee, individual contributions (subject to the limitations of 2 U.S.C. §441a), and President Carter, himself, as set forth in 26 U.S.C. §9007(b)(4). If you are considering other sources, we certainly would be willing to discuss those.

I hope that the foregoing answers your questions regarding the source of reimbursement and that we can now swiftly negotiate a settlement in this matter. Please contact Hal Ponder (202-523-4162) at your earliest possible convenience to conclude the negotiations and agree upon a conciliation agreement.

Sincerely,

Bill by Hal Ponder

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 1 0 6 0

7 9 0 4 0 1 1 0 5 5 0

DOC3733
NRN

WASHINGTON PARTNERS
H. CLAYTON COOK, JR.
H. LAWRENCE FOX
ROBERT T. LASKY
THOMAS A. RUSSO
STEPHEN N. SHULMAN
FRANK WILLE

NEW YORK PARTNERS
RICHARD A. ABORN
JACK ADELMAN
STEPHEN G. AUSTIN
JOHN BOYER
PETER MEGARGEE BROWN
WILLIAM N. CLARKE
RODNEY B. DAYAN
DANIEL C. DRAPER
STEVE C. DUNE
DAVID W. FEENEY
P. JAY FLOCKEN
JOHN F. FRITTS
TERENCE F. GILHEANY
STEPHEN P. GOTTLIEB
GRANT S. HERING
LEONARD E. KUST
ROBERT C. LAWRENCE III
JAY H. McDOWELL
WILLIAM J. MOSS
HORACE P. MOULTON
JOHN J. O'GRADY III
ROY ALBERT POVELL
GEORGE D. REYCRAFT
HADLEY S. ROE
HAVEN C. ROOSEVELT
STUART D. ROOT
STEVEN A. RUSKIN
JEROME SHELBY
GERALD T. SLEVIN
JOHN A. SULLIVAN
RICHARD T. TAYLOR
COURTLAND W. TROUTMAN
JONATHAN M. WAINWRIGHT
JOHN J. WALSH
MALCOLM P. WATTMAN
ARNOLD J. ZURCHER, JR.

Cadwalader, Wickersham & Taft

Eleven Dupont Circle

Washington, D.C. 20036

Telephone: (202) 387-8100

Twx: 710-822-1934

ONE WALL STREET
NEW YORK, N.Y. 10005
TELEPHONE: (212) 785-1000
CABLE ADDRESS: LAHELLUM
TELEX: 12-8146
667465

June 7, 1978

Mr. Hal Ponder, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RE: MUR 458(77)

Dear Mr. Ponder:

On behalf of the 1976 Democratic Presidential Campaign Committee we are enclosing our revised draft of the conciliation agreement proposed by you in the above matter.

Our proposed changes are noted below:

1. "Respondent" is changed to "Committee" throughout.

2. Page 1, Paragraph III A: We have added the word "any" in place of "its".

3. Pages 2-3, Paragraph III, G, H, I and J: We have added these paragraphs to reflect additional pertinent facts.

4. Page 3, Paragraphs IV, V, VI were designated A, B, and C on Page 2 of your proposal. We have deleted the word "made" before "in violation..." in paragraph A; and we have revised the language in Paragraphs B and C.

78040071061

5. We have deleted Paragraph D, Page 2 of your proposal.

6. Page 3, Paragraphs VII and VIII: We have added these provisions.

7. Page 4, Paragraph IX: We have renumbered Paragraph IV "General Conditions" in your proposal.

We would like to meet with you as soon as it is convenient to discuss our proposal.

Sincerely,

Lynda S. Mounts

Lynda S. Mounts

LSM/dsf
Enclosure

78040071062

BEFORE THE

FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	)	MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Committee") violated 2 U.S.C. § 434(b) and 26 U.S.C. § 9007;

WHEREFORE, The Commission and the Committee, having duly entered into conciliation as provided for in 2 U.S.C. § 437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Committee and the subject matter of this case.

II. The Committee has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. The Committee voluntarily sought to correct any errors in this matter by contacting the Department of Justice in May and September 1977.

B. The Committee was authorized to incur expenses to further the election of Jimmy Carter to the Office of President of the United States.

C. The Committee received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totaling $14,612.09 were made by the Committee to 20 individuals who worked on transition-related matters in the Executive Office of the President.

E. On March 15, 1977 a payroll payment in the amount of $1,113.58 was made by the Committee to an individual who worked on transition-related matters in the Executive Office of the President.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on transition-related matters in the Executive Office of the President.

G. The Committee reports that this was a salary payment which was incorrectly coded as "travel subsistence" because the Committee's payroll was being phased out at that time.

H. The Committee officials approving the disbursements never intended them to be final salary payments. Those officials believed they were approving advances for transition-related activities, and that the advances would be reimbursed by the Transition.

I. The Committee has fully disclosed all such advances to the Commission and has consistently treated the amounts in question as receivables due from the Transition.

J. After senior Committee officials became aware of these advances in May of 1977, the Committee wrote to the Office of Legal Counsel, Department of Justice, seeking advice as to the appropriate source of reimbursement. A similar request was made to the Commission on November 30, 1977. To date, neither the Justice Department nor the Commission has responded.

IV. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses", and therefore were in violation of Title 26, United States Code.

V. Committee employees erroneously coded the March 31 $1,299.90 expense as travel subsistence when it was a payroll item, thereby resulting in erroneous reporting in violation of 2 U.S.C. § 434(b)(9).

VI. That the Committee will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977), as soon as the Committee is advised concerning the most appropriate source of reimbursement.

VII. This Conciliation Agreement, unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

VIII. This agreement shall in no manner be construed as an admission by the Committee that it has knowingly or willfully violated any provision of the Federal election laws.

IX. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

____
Date

____
William D. Oldaker
General Counsel

____
Date

____
Ronald D. Eastman
Counsel for the
1976 Democratic Presidential
Campaign Committee

7 8 0 4 0 7 1 0 5 5

~~7804007106 7~~

7 9 0 1 0 1 1 0 5 5 9

By Hand

Cadwalader, Wickersham & Taft

Eleven Dupont Circle, Washington, D.C. 20036

Mr. Willicam C. Oldaker, Esquire
General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 31, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Interim Conciliation Report dated 5-26-78
Received in Office of Commission
Secretary: 5-26-78

The above-mentioned document was circulated on a 24 hour no-objection basis at 1:30 p.m., May 30, 1978.

There were no objections to the Interim Conciliation Report.

~~78040071069~~
79040110561

7 8 0 4 0 0 7 1 0 6 9
7 9 0 4 0 1 1 0 5 6 1

May 26, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Conciliation Report on MUR 458 distributed to the Commission.

Thank you.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 458(77)
The 1976 Democratic Presidential Campaign Committee	)	
	)	

Interim Conciliation Report

Staff met with counsel for the Respondent in Commission offices on May 16, 1978 to discuss the proposed conciliation agreement.

We were unable to reach a satisfactory accord at that time and counsel for the Respondent offered to submit a written counter-proposal for our consideration.

Further discussions are anticipated once the counter-proposal is received.

26 May 1978
Date

William C. Oldaker for WO
General Counsel

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

May 9, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Interim Status Report - dated and signed: 5-5-78
Received in Office of Commission Secretary: 5-5-78, 3:20

The above-mentioned document was circulated on a 24 hour no-objection basis at 3:00 p.m., May 8, 1978.

As of 4:00 p.m., this date, no objections have been received in the Office of Commission Secretary to the Interim Status Report.

78040071071

May 5, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Status Report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

78040071072
79040110564

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The 1976 Democratic Presidential Campaign Committee	))))	MUR 458(77)

Interim Status Report

On March 15, 1978 the Commission found reasonable cause to believe the Respondent violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

On April 13, 1978 the Commission approved the proposed conciliation agreement provided a $1000. civil penalty provision was inserted. The agreement with the insertion was sent on April 18, 1978.

The Office of General Counsel is currently awaiting the Respondent's response to the proposal.

5/5/78
Date

William C. Oldaker
General Counsel

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 18, 1978

<u>CERTIFIED MAIL</u>
<u>RETURN RECEIPT REQUESTED</u>

Ronald Eastman
Verner, Liipfert, Bernhard
  and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

Charles N. Steele
Associate General Counsel

78040071074

458 Federman

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- [ ] Show to whom and date delivered .... ¢
- [x] Show to whom, date, and address of delivery. .... ¢
- [ ] RESTRICTED DELIVERY
  Show to whom and date delivered .... ¢
- [ ] RESTRICTED DELIVERY.
  Show to whom, date, and address of delivery. $

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ronald Eastman
Suite 1000
1660 L Street NW
Washington, DC 20036

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943695	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. L. Hunt

DATE OF DELIVERY 4/19/78

5. ADDRESS (Complete only if requested)

1978

POSTMARK

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977—O—234—337

7 9 0 4 0 1 1 0 5 6 7

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)))	MUR 458(77)

CONCILIATION AGREEMENT

This matter having been initiated by the Commission in the ordinary course of carrying out its supervisory responsibilities, and after an investigation, the Commission having found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (hereinafter "Respondent") violated 2 U.S.C. §434(b) and 26 U.S.C. §9007;

WHEREFORE, the Commission and Respondent, having duly entered into conciliation as provided for in 2 U.S.C. §437g(a)(5), do hereby agree as follows:

I. The Federal Election Commission has jurisdiction over the Respondent and the subject matter of this case.

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The pertinent facts in this matter are as follows:

A. Respondent voluntarily sought to correct its errors in this matter by contacting the Department of Justice in May and September 1977.

B. Respondent was the committee authorized to incur expenses to further the election of Jimmy Carter to the office of President of the United States.

78040071075

C. Respondent received public funds under Title 26, United States Code.

D. On February 28, 1977 payroll payments totalling $14,612.09 were made by the Respondent to 20 individuals who worked on transition-related matters in the Executive Office of the President.

E. On March 15, 1977, a payroll payment in the amount of $1,113.58 was made by Respondent to an individual who worked on transition-related matters in the Executive Office of the President.

F. On March 31, 1977 a travel subsistence payment was made in the amount of $1,299.90 to an individual who worked on transition-related matters in the Executive Office of the President.

WHEREFORE, Respondent agrees:

A. The $14,612.09 February 28 payment, the $1,113.58 March 15 payment, and the $1,299.90 March 31 payment were not "qualified campaign expenses," and therefore were made in violation of Title 26, United States Code.

B. Respondent violated 2 U.S.C. §434(b)(9) by erroneously describing the March 31 $1,299.90 expense as travel subsistence when it was a payroll item.

C. That Respondent will reimburse the U.S. Treasury in the amount of $17,025.77 (the sum of the non-qualified payments of February 28, March 15, and March 31, 1977).

D. Respondent will pay a civil penalty in the amount of $1,000 to the U.S. Treasury.

78040071077

IV. General Conditions

A. The Commission, on request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

B. It is mutually agreed that this agreement shall become effective on the date that all parties hereto have executed same and the Commission has approved the entire agreement.

FEDERAL ELECTION COMMISSION

____
Date

____
William C. Oldaker
General Counsel

____
Date

____
Robert J. Lipshutz
1976 Democratic Presidential Campaign Committee

78040071073

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
The 1976 Democratic Presidential Campaign Committee	)	MUR 458 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on April 13, 1978, at an Executive Session of the Federal Election Commission at which a quorum was present, the Commission determined by a vote of 4-1 to proceed with conciliation in the above-captioned matter, subject to the agreement containing a provision for a civil penalty of not less than $1,000.

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

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Date: April 14, 1978

78040071079

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 3, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - Conciliation Agreement OBJECTIONS

The above-mentioned document was circulated to the Commissioners at 4:00, March 30, 1978, on a 72 hour vote basis.

The following Commissioners have submitted objections thereby placing MUR 458 (77) on the Executive Session Agenda for April 6, 1978:

Commissioner Tiernan
Commissioner Aikens
Commissioner Thomson
Commissioner Springer

7804007108
7904011577

March 30, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached conciliation agreement in MUR 458 distributed to the Commission on a tally sheet (72 hour vote).

Thank you.

7804007108I

790401105073

FEDERAL ELECTION COMMISSION

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

March 30, 1978

MEMORANDUM TO: The Commission

FROM: William C. Oldaker

SUBJECT: MUR 458(77) Conciliation Agreement

On March 15, 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee (Committee) had violated 2 U.S.C. §434(b) and 26 U.S.C. §9007.

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

The Committee has admitted the violations, has shown good faith, and has cooperated with the Commission. Therefore, it is the opinion of the Office of General Counsel that although repayment should be required, a civil penalty should not be imposed.

The Office of General Counsel recommends that the attached conciliation agreement be approved and sent to the Committee.

78040071082

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street N.W.
Washington, DC 20036

RE: MUR 458(77)

Dear Mr. Eastman:

As you will recall from my letter dated March 22, 1978, the Commission on March 15, 1978 found reasonable cause to believe the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Enclosed please find a conciliation agreement which this office is prepared to recommend to the Commission in settlement of this matter. If your client agrees with the provisions of the agreement, please have it signed and returned to the Commission within ten days of your receipt of this letter. If not, please contact Hal Ponder at 202-523-4162 to discuss your client's objections to the agreement.

Sincerely,

William C. Oldaker
General Counsel

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

DISSENTING OPINION OF COMMISSIONER STAEBLER

TO MUR 458(77)

The Democratic Presidential Campaign Committee (the Committee) improperly paid transition expenses out of the publicly funded Presidential election campaign fund. At a later date, the Committee recognized that its action was improper and inquired of the Department of Justice what course of action it should take to correct its error. The Department referred the case to the Federal Election Commission.

In accordance with procedures followed in several other instances in which primary matching account or Presidential campaign fund expenditures were later found to be improper, the Commission directed the Committee to repay to the Treasury the full amount of the improper expenditures.

However, in addition to this repayment, a majority of the Members of the Commission determined to impose a civil penalty of $1000 upon the Committee. This is the only instance, to date, under Title 26, in which the Commission has proposed a civil penalty in addition to requiring the repayment of improper expenditures.

The circumstances in this case do not appear to be sufficiently different to warrant the imposition of a civil penalty.

I therefore dissent.

78040071031

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

MAR 22 1978

Re: MUR 458 (77)

Dear Mr. Eastman:

On March 15, 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

78040071085
79040110577

Please contact Hal Ponder (202/523-4162) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

78040071086

79040110578

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
   - [ ] Show to whom and date delivered .... ¢
   - [x] Show to whom, date, and address of delivery .. ¢
   - [ ] RESTRICTED DELIVERY Show to whom and date delivered .... ¢
   - [ ] RESTRICTED DELIVERY. Show to whom, date, and address of delivery. $

   (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: Ronald Eastman, Esq. Verner, Liipfert, Bernhard, and McPherson, Suite 1000, 1660 L St NW Wash DC 20036

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943224	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE [ ] Addressee [ ] Authorized agent

4. L. Hunt

DATE OF DELIVERY 3/23/78

POSTMARK MAR 23 '78

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

★ GPO : 1977-O-234-237

MAR 22 1978

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	
The 1978 Democratic Presidential Campaign Committee	)	MUR 458 (77)

CERTIFICATION

I, Wendy McGhee Graham, Recording Secretary of the Meeting, do hereby certify that on March 15, 1978, the Commission determined by a vote of 5-0 to adopt the General Counsel's recommendation that there was reasonable cause to believe that the above-captioned committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b), and that the Commission send the draft letter attached to the General Counsel's report signed on February 27, 1978.

Wendy McGhee Graham

Wendy McGhee Graham
Recording Secretary of the Meeting

Wendy McGhee Graham
for Marjorie W. Emmons
Secretary to the Commission

Date: March 17, 1978

78040071087
7904011057

Before the Federal Election Commission

February 24, 1978

In the Matter of	)	
	)	MUR 458 (77)
	)	
The 1976 Democratic Presidential	)	
Campaign Committee	)	

General Counsel's Report

BACKGROUND

This matter was referred to the Commission by an October 18, 1977 letter from the Justice Department. The Department had received two memoranda sent from counsel for the respondent on May 25 and September 30, 1977. The memoranda indicated that the 1976 Democratic Presidential Campaign Committee (Committee) had paid the salaries of twenty individuals who had worked in the Executive Office of the President during the period following President Carter's Inauguration. Specifically, payments of $14,612.09 were made on February 28, 1977; $1,113.78 on March 15, 1977; and $1,299.90 on March 31, 1977, for a total of $17,025.77. The workers were involved in transition-related matters which counsel for respondent determined might not have been "qualified campaign expenses" within the meaning of the Act.

Counsel for respondent also pointed out in the memoranda that the March 31 payment in question had been erroneously described as being for "travel subsistence," when it was simply a payroll item.

The Justice Department referred the case to the Commission for our consideration on October 18, 1977.

On November 9, 1977, the Commission found reason to believe the Committee had violated 2 U.S.C. §434(b) and 26 U.S.C. §9007. The §434(b) violation was based on the erroneous description of the March 31, 1977 expense while the §9007 violation was based on the information that indicated the payments were not "qualified campaign expenses."

ANALYSIS

The 1976 Democratic Presidential Campaign was financed through public funding. As noted above, one of the conditions for accepting public funding is that the use of the funds is restricted to "defray qualified campaign expenses." 26 U.S.C. §9004(c)(1). Section 9007 enables the Commission to require reimbursement of the amount expended on non-qualified expenses.

11 C.F.R. §140.11(a)(3) states that "qualified campaign expense means an expense incurred by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of the candidates to the respective offices." 11 C.F.R. §140.11(e)(1) states that "'qualified campaign expense' does not include amounts paid for expenses incurred after the expenditure report period." In the case of a major party, the expenditure report period ends thirty (30) days after the date of the Presidential election. 11 C.F.R. §140.11.

The payments made to the twenty transition workers were not in furtherance of the election of the President or Vice President and were incurred after the expenditure report period was closed. It is clear that the payments were not qualified campaign expenses and the public fund should be reimbursed.

As to the 2 U.S.C. §434(b) violation, the Committee stated that an error had been made in its reports; that the description of the March 31 item as travel subsistence should have been payroll advance.

In summation, the Committee freely admits its errors in reporting and in using campaign funds for a non-qualified purpose; although the Committee contends and we agree that these violations were not intentionally committed.

RECOMMENDATION

Find reasonable cause to believe the Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

Send attached letter.

2/27/78

78040071090

FEDERAL ELECTION COMMISSION

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

<u>CERTIFIED MAIL</u>
<u>RETURN RECEIPT REQUESTED</u>

Ronald Eastman, Esq.
Verner, Liipfert, Bernhard
  and McPherson
Suite 1000
1660 L Street, N.W.
Washington, D.C. 20036

Re: <u>MUR 458 (77)</u>

Dear Mr. Eastman:

On March , 1978, the Federal Election Commission found reasonable cause to believe that the 1976 Democratic Presidential Campaign Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b).

This finding was based on the payment of Committee funds to twenty transition workers in the Executive Office of the President following the inauguration of President Carter, and the erroneous description of a March 31 expense as travel subsistence when it was a payroll item.

Please be advised that pursuant to 2 U.S.C. §437g(a)(5)(A), the Commission shall make every endeavor for a period of not less than 30 days to correct this violation by the Committee by informal methods of conference, conciliation, and persuasion, and to enter into a conciliation agreement. If the Committee and the Commission are unable to enter into a conciliation agreement during this period, the Commission may, upon a finding of probable cause to believe that a violation has been committed, institute a civil action for relief in the appropriate United States District Court. 2 U.S.C. §437g(a)(5)(B).

7 8 0 4 0 0 7 1 0 9 1
7 9 0 4 0 1 1 0 5 8

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Please contact David Federman (202/523-4000) at your earliest possible convenience so that we may begin conciliation of this matter.

Sincerely yours,

William C. Oldaker
General Counsel

78040071092
79040110581

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of The Democratic Presidential Campaign Committee	))))	MUR 458 (77)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 7, 1978, the Commission accepted without objection the Interim Status Report on the above-captioned matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

78040071093

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

February 7, 1978

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS mwE

SUBJECT: MUR 458 (77) - Interim Status Report dated January 31, 1978

The above-mentioned document was circulated to the Commissioners on February 6, 1978 at 10:30.

There were no objections to the Interim Status Report.

ATTACHMENT:
Certification

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

February 3, 1978

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458

Please have the attached Interim Status Report on MUR 458 distributed to the Commission on a 24 hourrno-objection basis.

Thank you.

7 8 0 4 0 0 7 1 0 9 5

7 9 0 4 0 1 1 0 5 8 7

BEFORE THE FEDERAL ELECTION COMMISSION

January 31, 1978

In the Matter of	)	
	)	MUR 458(77)
The Democratic Presidential	)	
Campaign Committee	)	

INTERIM STATUS REPORT

This matter involves the payment of Committee funds to twenty "transition" workers in the Executive Office of the President during the period following President Carter's Inauguration.

On November 9, 1977 the Commission found reason to believe the Committee had violated 26 U.S.C. § 9007 and 2 U.S.C. § 434(b). The § 9007 violation was based on information that indicated the payments were not "qualified campaign expenses" while the § 434(b) violation was founded on the apparently erroneous description of an expense as "travel subsistence."

The Office of General Counsel received the Committee's response to our notification letter on December 10, 1977. The Committee explained the apparent § 434(b) violation as a bookkeeping error, but its explanation of the possible § 9007 violations raised a number of questions.

These questions were asked in a letter from the Office of General Counsel to Ronald Eastman, Esquire, counsel to the Committee.* We received the answers to the questions on January 24, 1978 and are currently studying them to determine our next step.

2/3/78
Date

William C. Oldaker
General Counsel

* A copy of the letter is attached for reference, along with the Committee's response.

7804007109?
790401105??

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

January 6, 1978

<u>CERTIFIED MAIL</u>
<u>RETURN RECEIPT REQUESTED</u>

Ronald Eastman, Esquire
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard & McPherson
1660 L Street, N.W.
Washington, D.C. 20036

Re: <u>MUR 458 (77)</u>

Ron

Dear Mr. Eastman:

This letter is in response to your letter of November 30, 1977, in which you explained the position of the Committee in regard to certain payroll payments from the Committee's surplus funds to twenty "transition" workers in the Executive Office of the President on February 28, March 15, and April 1, 1977.

Your letter raised a number of additional questions which should be answered before this matter can be closed.

As you will recall, these questions were posed to you during a telephone conversation on December 9, 1977 by Mr. David Federman of this office. As of January 5, 1978 we have not received a response. For the record, it is necessary that the questions, as well as your response be written.

Please answer the following questions:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

78040071098

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

3. When and how did the Committee first learn of the nature of the expenses to these workers?

4. What was the method of payment to these individuals?

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

6. Who signed the checks to the individuals?

The Commission requires that these matters be handled expeditiously. Therefore, please submit within ten (10) days of your receipt of this letter, your responses.

If you have any questions regarding this matter, please contact David Federman (202-523-4039), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

78040071099

ACC 2571

LAW OFFICES
VERNER, LIIPFERT, BERNHARD AND MCPHERSON
SUITE 1000
1660 L STREET, N. W.
WASHINGTON, D. C. 20036
CABLE ADDRESS
VERLIP
(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY MCPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
ROBERT R. BRINKER
LYNDA S. MOUNTS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
W. CLARK MCFADDEN
EDWARD A. CHERRY

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

January 23, 1978

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

Re: MUR 458 (77)

Dear Mr. Federman:

This letter responds to your letter of January 6, 1978 asking for additional information in the above matter. The answers to your questions follow:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

Apparently, the payments were not carried as advances or receivables on the April 10, 1977 quarterly report inadvertently. The Committee recorded the payments as a receivable from the transition on its own books from the beginning. Enclosed is a copy of the original journal entry showing the charge to account 250-000, which is the accounts receivable account for the transition. As near as Committee accountants can tell, there is no reason this was not on the Committee's report other than an inadvertent omission. I would emphasize, however, that the disbursements themselves were fully disclosed in the April 10, 1977 report and that Committee always treated them as a receivable.

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Same answer as for Question 1.

3. When and how did the Committee first learn of the nature of the expenses to these workers?

7 9 0 4 0 0 7 1 1 0 5 9

Daniel Federman, Esq.
January 23, 1978
Page 2

Richard Harden, the Committee's Director of Budget and Finance, knew of the payments when they were made.

4. What was the method of payment to these individuals?

Payroll checks

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

There were no separate vouchers; although, there was documentation submitted to Richard Harden prior to payment.

6. Who signed the checks to the individuals?

Because the checks were handled through the Committee's payroll procedures, the signatures were by machine and presumably were those of Richard Harden and Robert J. Lipshutz or others authorized to sign checks. We have not attempted to see precisely whose signatures were on the checks, but can do so, if you believe that would be helpful.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

RDE/sss

78040071101
79040110593

VERNER, LIIPFERT, BERNHARD AND McPHERSON

7804 0071 002 COPY OF ORIGINAL JOURNAL ENTRIES

Automatic Data Processing, Inc.

JOURNAL SOURCE: P R (1) (2)

CONTROL NO.: 3 6 8 0 0 (5) (9)

79040 1 5 0 1

(A) DATE: 0 2 2 8 (10) (13)

PAGE 1 OF 1

	Chart of Accounts Description (For Office Use Only - Do Not Keypunch)	(B) (*) Date Mo/Day (10-13)	General Ledger Account Number (6 Positions) Prim. Code (14-19)	Sub. Code	Debit Amount (8 Positions) (20-27)	Credit Amount (8 Positions) (20-27)	Reference 1 (6 Positions) (Numeric) (28-33)	Alphabetic Description (Not to Exceed 20 Positions) (34-53)	Reference 2 (6 Positions) (Numeric) (54-59)	Ref. 3 (3 Pos) (Num.) (60-62)	
1		02/15	620	060	452 51						1
2			620	090	10044 11						2
3			620	610	216 52						3
4			626	620		189 41		Thos P. McDonald	3150		4
5			351	000		2714 30		FED WH + FICA			5
6			351	000		377 25		STATE W.H.			6
7			204	000		7432 18					7
8		02/20	220	000	14183 32						8
9			620	090	7716 63						9
10			351	000		6315 39		FED WH & FICA			10
11			351	000		1168 66		STATE W.H.			11
12			204	000		14415 90					12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25

0•00*
452•51+
10,044•11+
216•52+
14,183•32+
7,716•63+
32,613•09*
0•00*
189•41−
2,714•30−
377•25−
7,432•18−
6,315•39−
1,168•66−
14,415•90−
[illegible]

PAGE TOTALS — TOTAL DEBITS: 32613.09 — TOTAL CREDITS: 32613.09

JOURNAL TOTALS — TOTAL DEBITS: 32613.09 — TOTAL CREDITS: 32613.09

(*) DATE - USE ONE DATE (A) OR (B). IF (B) IS USED (A) WILL BE IGNORED

L 37

1972 Automatic Data Processing, Inc.

FORM # GL 2077

ACC 2571

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY McPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

SUITE 1000
1660 L STREET, N. W.
WASHINGTON, D. C. 20036

CABLE ADDRESS
VERLIP

(202) 452-7400

JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
ROBERT R. BRINKER
LYNDA S. MOUNTS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
W. CLARK McFADDEN
EDWARD A. CHERRY

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

800179

January 23, 1978

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

Re: MUR 458 (77)

Dear Mr. Federman:

This letter responds to your letter of January 6, 1978 asking for additional information in the above matter. The answers to your questions follow:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

Apparently, the payments were not carried as advances or receivables on the April 10, 1977 quarterly report inadvertently. The Committee recorded the payments as a receivable from the transition on its own books from the beginning. Enclosed is a copy of the original journal entry showing the charge to account 250-000, which is the accounts receivable account for the transition. As near as Committee accountants can tell, there is no reason this was not on the Committee's report other than an inadvertent omission. I would emphasize, however, that the disbursements themselves were fully disclosed in the April 10, 1977 report and that Committee always treated them as a receivable.

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Same answer as for Question 1.

3. When and how did the Committee first learn of the nature of the expenses to these workers?

Richard Harden, the Committee's Director of Budget and Finance, knew of the payments when they were made.

4. What was the method of payment to these individuals?

Payroll checks

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

There were no separate vouchers; although, there was documentation submitted to Richard Harden prior to payment.

6. Who signed the checks to the individuals?

Because the checks were handled through the Committee's payroll procedures, the signatures were by machine and presumably were those of Richard Harden and Robert J. Lipshutz or others authorized to sign checks. We have not attempted to see precisely whose signatures were on the checks, but can do so, if you believe that would be helpful.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

RDE/sss

VERNER, LIIPFERT, BERNHARD AND MCPHERSON

Automatic
Data Processing, Inc.

~~7 8 0 1 0 0 7 1 1 0 5~~ ORIGINAL JOURNAL ENTRIES

JOURNAL CONTROL NO. P 7 9 0 1 0 1 1 0 5 9 7 — 3 6 9 0 0

(*) (A) DATE 0 2 2 8 (10) (13)

PAGE 1 OF 1

	Chart of Accounts Description For Office Use Only - Do Not Keypunch	(B) (*) Date Mo./Day (10-13)	General Ledger Account Number (6 Positions) Prim. Code (14-19)	Sub. Code	Debit Amount (8 Positions) (20-27)	Credit Amount (8 Positions) (20-27)	Reference 1 (6 Positions) (Numeric) (28-33)	Alphabetic Description (Not to Exceed 20 Positions) (34-53)	Reference 2 (6 Positions) (Numeric) (54-59)	Ref. 3 (3 Pos) (Num.) (60-62)	
1		02/15	620	060	45251						1
2			620	090	1004411						2
3			620	540	21652						3
4			626	420		18941		Thos. P. McDonald	8150		4
5			351	000		271430		FED WH + FICA			5
6			351	000		37725		STATE W.H.			6
7			204	000		743218					7
8		02/28	250	000	1418332						8
9			620	090	771663						9
10			351	000		631539		FED WH + FICA			10
11			351	000		116866		STATE W.H.			11
12			204	000		1441590					12
13											13
14											14
15											15
16											16
17											17
18											18
19											19
20											20
21											21
22											22
23											23
24											24
25											25

0·00*
452·51+
10,044·11+
216·52+
14,183·32+
7,716·63+
32,613·09*
0·00*
189·41−
2,714·30−
377·25−
7,432·18−
6,315·39−
1,168·66−
14,415·90−
[illegible]

PAGE TOTALS [illegible]

DATE - USE ONE DATE (A) OR (B). IF (B) IS USED (A) WILL BE IGNORED

LAW OFFICES
R. LIIPFERT, BERNHARD AND McPHERSON
SUITE 1000
1660 L STREET N W
WASHINGTON D C 20036

FEDERAL ELECTION COMMISSION

78 JAN 23 P5:14

Daniel Federman, Esq.
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20563

FEDERAL ELECTION COMMISSION

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

January 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ronald Eastman, Esquire
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard & McPherson
1660 L Street, N.W.
Washington, D.C. 20036

Fox

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is in response to your letter of November 30, 1977, in which you explained the position of the Committee in regard to certain payroll payments from the Committee's surplus funds to twenty "transition" workers in the Executive Office of the President on February 28, March 15, and April 1, 1977.

Your letter raised a number of additional questions which should be answered before this matter can be closed.

As you will recall, these questions were posed to you during a telephone conversation on December 9, 1977 by Mr. David Federman of this office. As of January 5, 1978 we have not received a response. For the record, it is necessary that the questions, as well as your response be written.

Please answer the following questions:

1. For what reason, if any, were the payments not carried as advances on the April 10, 1977, quarterly report?

2. For what reason, if any, were the payments not listed as debts owed to the Committee on the April 10, 1977, quarterly report?

Ronald Eastman, Esq.
Page 2

3. When and how did the Committee first learn of the nature of the expenses to these workers?

4. What was the method of payment to these individuals?

5. Were vouchers submitted prior to payment? If so, who signed the vouchers?

6. Who signed the checks to the individuals?

The Commission requires that these matters be handled expeditiously. Therefore, please submit within ten (10) days of your receipt of this letter, your responses.

If you have any questions regarding this matter, please contact David Federman (202-523-4039), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

7 8 0 4 0 0 7 1 1 0 3

7 9 0 4 0 1 1 0 6 0 0

MUR 455 Federman

1. The following service is requested (check one).
- [ ] Show to whom and date delivered ... 15¢
- [x] Show to whom, date, & address of delivery ... 35¢
- [ ] RESTRICTED DELIVERY. Show to whom and date delivered ... 65¢
- [ ] RESTRICTED DELIVERY. Show to whom, date, and address of delivery 85¢

2. ARTICLE ADDRESSED TO:
Ronald Eastman, Esq.
1660 L St NW #1000
DC 20036

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 994684 | INSURED NO.

(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE □ Addressee □ Authorized agent

4. DATE OF DELIVERY 1-4-78

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

PS Form 3811, Mar. 1976 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

December 16, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458 Team #2 Federman

Please have the attached Interim Invest. Report on MUR 458 distributed to the Commission and placed on the Compliance Agenda for the Commission meeting of December 21, 1977.

Thank you.

78040071109
79040110601

BEFORE THE FEDERAL ELECTION COMMISSION
December 15, 1977

In the Matter of	)	
	)	
	)	MUR 458 (77)
The Democratic Presidential	)	
Campaign Committee	)	

INTERIM INVESTIGATORY REPORT

This matter involves the payment of Committee funds to twenty "transition" workers in the Executive Office of the President during the period following President Carter's Inauguration.

On November 9, 1977 the Commission found reason to believe the Committee had violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). The §9007 violation was based on information that indicated the payments were not "qualified campaign expenses" while the §434(b) violation was founded on the apparently erroneous description of an expense as "travel subsistence."

The Office of General Counsel received the Committee's response to our notification letter on December 10, 1977. An analysis of the Committee's reports and its response to our notification letter revealed a number of inconsistencies. The inconsistencies stem from the Committee's assertion in its response that these payments were never intended as final payments; that they were advances provided with the full expectation of prompt reimbursal. Yet the April 10 quarterly report listed them as payroll expenses, not as advances. Also, they were not carried as debts owed to the Committee, which would have been the proper procedure.

A telephone call was placed to Mr. Ronald Eastman, counsel to the Committee, on December 9, 1977, at which time Mr. Eastman was asked additional questions in order to explain the apparent discrepancies.

We are presently awaiting the Committee's response to those inquiries.

12/14/77
DATE

WILLIAM C. OLDAKER
GENERAL COUNSEL

78040071111

ACC 2166

LAW OFFICES
VERNER, LIIPFERT, BERNHARD AND McPHERSON
SUITE 1000
1660 L STREET, N. W.
WASHINGTON, D. C. 20036
CABLE ADDRESS
VERLIP
(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY McPHERSON
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON
MICHAEL F. GOLDMAN
HOWELL E. BEGLE, JR.

JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
ROBERT [illegible]KER
L[illegible]A J. [illegible]S
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT
RICHARD L. CYS
WILLIAM C. McFADDEN

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

RECEIVED
FEDERAL ELECTION
COMMISSION
'77 DEC 1 AM 11:01

70350

November 30, 1977

William C. Oldaker, General Counsel
Federal Election Commission
1325 K Street
Washington, D.C. 20463

Re: MUR 458 (77)

Dear Mr. Oldaker:

This letter is in response to your letter of November 10, 1977 in the above-referenced matter. In your letter, you noted that the 1976 Democratic Presidential Campaign Committee ("The Committee") made payments to twenty individuals on February 28, March 15 and March 31, 1977 in the total amount of $17,025.77. You state that the payments were not "qualified campaign expenses" under 26 U.S.C. 9007 and that the March 31 payment to Walter Kallaur was "incorrectly" reflected on the Committee's report as "travel subsistence" in violation of 2 U.S.C. 434 (b). You requested that the Committee provide any further information relevant to the inquiry and asked specifically that the Committee (1) name the source of the funds used to make payments and (2) specify whether the recipients performed any campaign related work during the first quarter of 1977.

THE FACTS

At the close of the transition period, a number of campaign workers had not found employment either in or outside of the new administration. Around mid-January a small office was established in the Executive Office of the President to help find jobs for qualified campaign workers. The office was completing a task begun during the transition. Initially, the head of the program, Mr. Walter Kallaur, asked nineteen individuals formerly employed by the Transition to help him on a voluntary basis. Although the program was initially intended to last for a short period, the project required several weeks. At that point, Mr. Kallaur, who was formerly a campaign employee and later the Transition Administrator, made an effort to obtain compensation for these individuals who were devoting long hours to their task.

Because there was confusion about the appropriate source of compensation for this activity, Mr. Kallaur arranged for an advance from the Committee's surplus from the 1976 general election campaign. Mr. Kallaur never intended the campaign funds to be the final source of the payments. The Committee carried them on its books as an account receivable from the Transition, and its FEC reports clearly identify this receivable.

Although most of the twenty people receiving payments worked exclusively on the program for placing campaign workers, several performed other tasks. In addition to taking overall responsibility for the program, Mr. Kallaur did some work on an energy and weather task force for the White House staff. Sara Gordon, Elizabeth Sadoff and Gary Packingham also did some work for this task force. Three individuals, Jon Stein, Jim Mitchell and Cass Cohen, worked full-time on Transition wrap-up matters: a list of those paid is included with memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron to Assistant Attorney General John Harmon of the Office of Legal Counsel. (I understand the Commission has both memoranda.)

Former Committee counsel first became aware of these advances in May of 1977. Believing that such payments might not be "qualified campaign expenses", Associate Counsel, White House, Douglas Huron, wrote to the Office of Legal Counsel seeking advice as to the appropriate source for reimbursing the Committee. (Mr. Huron was counsel to the Committee prior to joining the Administration.) To date, the Justice Department has not responded to that request. The Assistant Attorney General did, however, refer the matter to the Criminal Division of the Department of Justice. By letter dated October 28, 1977, a copy of which is attached, Benjamin R. Civiletti, Assistant Attorney General, Criminal Division, noted that the Justice Department had declined any prosecution as to 18 of the 20 individuals who received payments. It is still investigating payments made to two individuals who were also receiving federal salaries at the time. In our opinion, these payments raise issues that are completely unrelated to the federal election laws.

William C. Oldaker
November 30, 1977
Page 4

If we can provide further information, please do not hesitate to call.

Very truly yours,

Ronald D. Eastman

RDE/sss
attachment

78040071114

VERNER, LIIPFERT, BERNHARD AND MCPHERSON

THE ABSENCE OF NEED FOR ANY FURTHER ACTION

The Committee believes that no further action by the Commission is warranted in this matter for a number of reasons:

1. The Committee officials approving the disbursements never intended them to be final salary payments. They were advances, which those officials expected to be fully reimbursed promptly. According to these officials, the Committee had made similar advances to the Transition on occasions when the Transition's own funds were not immediately available. All such advances, including those at issue here, were fully disclosed to the FEC. Committee employees had even discussed the earlier advances with an FEC official, who had simply advised the Committee to be sure to obtain reimbursement.

2. The advances were made without consulting counsel; although, the past history of similar advances certainly suggested that the FEC might not consider the payments to be inappropriate. Nevertheless, as soon as Mr. Huron became aware of the advances, the Committee made an attempt to insure payment promptly out of an abundance of caution in the matter. The failure to obtain reimbursement to date results solely from the Justice Department's delay in responding substantively to Mr. Huron's May 25 request. The Committee still wants to be certain that reimbursement comes from a lawful source.

3. The listing of the last salary payment to Mr. Kallaur as "travel subsistence" was incorrect. The payment was listed that way, apparently, because the Committee was phasing out its payroll operation at the time the payment was made. The designation appears to have been a minor bookkeeping mistake, but counsel will continue to gather information on this item and advise you of the facts as soon as possible.

The Committee is anxious to close this matter promptly; however, it cannot receive reimbursement until it has advice as to the appropriate source for such reimbursement. Because of the vagueness of the law in this area, the Committee would greatly appreciate your view on this issue. Possible sources include (a) the Federal Treasury (b) private contributions or (c) the Democratic National Committee--among others.

7 8 0 4 0 7 1 1 1 5

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000

1660 L STREET N W

WASHINGTON D C 20036

William C. Oldaker, General Counsel
Federal Election Commission
1325 K Street, N.W.
Washington, D.C.   20463

'77 DEC 1 AM 11:01

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 10, 1977

Ronald Eastman
Counsel to 1976 Democratic
Presidential Campaign Committee
Verner, Liipfert, Bernhard
& McPherson
1660 L Street, N.W. - Suite 1000
Washington, D.C. 20036

Re: MUR 458 (77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the ordinary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of the memoranda of May 25, 1977 and September 30, 1977 from Douglas Huron, Associate Counsel, White House, to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, the Committee has an opportunity to submit further information to demonstrate that no action should be taken. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work during January, February and March, 1977.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

7804007118

MUR 458 Oldaker

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
- ☐ Show to whom and date delivered
- ☒ Show to whom, date, and address of delivery
- ☐ RESTRICTED DELIVERY Show to whom and date delivered
- ☐ RESTRICTED DELIVERY. Show to whom, date, and address of delivery $____

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ronald Eastman, Counsel to 1976 Dem Pres Campaign Comm

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 943059 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
L Hunt

4. DATE OF DELIVERY

POSTMARK
STA.
NOV 11 1977

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977-O-234-357

PS Form 3811, Apr. 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 458 (77)
Democratic Presidential Campaign Committee	)	
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 9, 1977, the Commission adopted the recommendation of the General Counsel to find Reason to Believe that a violation of 26 U.S.C., Section 9007 and 2 U.S.C., Section 434(b), had been committed in the above-captioned matter.

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 9, 1977

MEMORANDUM TO: CHARLES STEELE

FROM: MARJORIE W. EMMONS MWE

SUBJECT: MUR 458 (77) - First General Counsel's Report

The above-mentioned document was circulated to the Commissioners on November 7, 1977 at 9:00.

As of 10:00 a.m., November 9, 1977, no objections have been received to the staff recommendation that reason to believe be found in MUR 458 (77).

Please note the attached comments from Commissioner Tiernan regarding inclusion of backup with the next General Counsel's Report.

Attachment

78040071120
79040110612

FEDERAL ELECTION COMMISSION

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

DATE AND TIME OF TRANSMITTAL Nov. 7-9:00

Commissioner Tiernan

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 9:00 - Nov. 8

MUR No. 458 (77)

( ) I object to the recommendation in the attached report.

COMMENTS: BEO reviewed file, i.e. referral letter and original memos of May and Sept. from D. Huron. Also spoke to Lynn Oliphant re: revisions in letter to Ron Eastman and request that full backup be supplied when the next G.C. Report is made.

Date 11/8/77 Signature Robert O. Tiernan

OBJECTIONS, SIGNED AND DATED, MUST BE RECEIVED IN THE COMMISSION SECRETARY'S OFFICE NO LATER THAN THE DATE AND TIME SHOWN ABOVE OR THE MATTER WILL BE DEEMED APPROVED. PLEASE RETURN ALL PAPERS TO THE OFFICE OF THE SECRETARY TO THE COMMISSION.

78040071121
79040110613

November 4, 1977

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 458 (77)

Please have the attached 7 Day Report on MUR 458 distributed to the Commission on a 24 hour no-objection basis.

Thank you.

78040071122
79040110614

FEDERAL ELECTION COMMISSION
1325 K Street N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION ________

MUR NO. 458(77)
DATE COMPLAINT RECEIVED
BY OGC 10-18-77

Staff Mem. ~~ATTORNEY~~ Oliphant

COMPLAINANT'S NAME: Referral from Department of Justice

RESPONDENT'S NAME: Democratic Presidential Campaign Committee

RELEVANT STATUTE: 26 U.S.C. §9007
2 U.S.C. §434(b)

INTERNAL REPORTS CHECKED: Committee Reports

FEDERAL AGENCIES CHECKED:

SUMMARY OF ALLEGATIONS

A letter from Benjamin Civiletti, Assistant Attorney General, indicates that salary payments to twenty individuals working in the Executive Office of the President immediately following the inauguration, were paid out of surplus 1976 general election funds by the 1976 Democratic Presidential Campaign Committee in the amount of $17,025.77. By memoranda dated May 25 and September 30, 1977, the White House requested advice from the Assistant Attorney General as to the appropriate means of reimbursing the Committee. Apparently, the Assistant Attorney General gave no advice to the Committee, and the matter was not referred to the Commission until October.

PRELIMINARY LEGAL ANALYSIS

26 U.S.C. §9007 requires that funds received from the Presidential Election Campaign Fund be used to defray only "qualified campaign expenses." Payment of transition-related expenses out of such funds gives reason to believe that 26 U.S.C. §9007 was violated. With the exception of one payment, the Committee reported the payments on reports filed with the Commission as receivables owed to the Committee from the Carter-Mondale Transition Planning Group.[1] One payment on March 31, 1977 of $1,299.90, which was for the same purpose as the other payments, was reflected on reports filed with the Commission as "travel subsistence," an apparent reporting error, in violation of 2 U.S.C. §434(b).

RECOMMENDATION

Find reason to believe that 26 U.S.C. §9007 and 2 U.S.C. §434(b) were violated by the 1976 Democratic Presidential Campaign Committee. Send attached letter.

---

[1] The September 30 memorandum sent to the Justice Department by the Committee alleges that an "FEC official was personally aware of them (the expenditures) and stated simply that the Committee should be sure to obtain reimbursement." The memorandum does not indicate who was the "FEC official."

FEDERAL ELECTION COMMISSION

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

Ronald Eastman
Counsel to
1976 Democratic Presidential
Campaign Committee
Verner, Liipfert, Bernhard
& McPherson
1660 L Street N.W. - Suite 1000
Washington, DC 20036

Re: MUR 458(77)

Dear Mr. Eastman:

This letter is to notify you that, on the basis of information obtained in the ordinary course of its supervisory responsibilities, the Federal Election Commission has found reason to believe that the 1976 Democratic Presidential Campaign Committee violated 26 U.S.C. §9007 and 2 U.S.C. §434(b). Specifically, salary payments made to twenty individuals on February 28, 1977, March 15, 1977, and March 31, 1977, in a total amount of $17,025.77, were in payment for services rendered in the Executive Office of the President and, therefore, were not "qualified campaign expenses" within the meaning of 26 U.S.C. §9007. Moreover, the payment made on March 31, 1977 to Walter Kallaur was incorrectly reflected on reports filed with the Commission as "travel subsistence," in violation of 2 U.S.C. §434(b).

Copies of your memoranda of May 25, 1977 and September 30, 1977 to Assistant Attorney General John Harmon of the Office of Legal Counsel of the Department of Justice were referred to the Commission by Assistant Attorney General Benjamin Civiletti on October 19, 1977. Although the Commission has copies of these memoranda, as you aware, you have an opportunity to submit further information to demonstrate that no action should be taken against you. In order that this matter may be promptly resolved, the Commission requests that you provide any further information you deem relevant to

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

7 8 0 4 0 0 7 1 1 2 5
7 9 0 4 0 1 1 5 6 1 7

this inquiry within ten (10) days of the receipt of this letter. In particular, specify the source of the funds used to pay salaries of these individuals, and whether they performed any campaign-related work.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3) unless the Commission receives written authorization to make the investigation public.

If you have any questions concerning this matter, please contact Lester Scall (telephone no. 202-523-4052), the attorney assigned to this case.

Sincerely yours,

William C. Oldaker
General Counsel

GCC#1806 & 1893

LAW OFFICES

VERNER, LIIPFERT, BERNHARD AND McPHERSON

SUITE 1000
1660 L STREET, N.W.
WASHINGTON, D.C. 20036

CABLE ADDRESS
VERLIP

(202) 452-7400

JAMES M. VERNER
EUGENE T. LIIPFERT
BERL BERNHARD
HARRY C. McPHERSON, JR.
RONALD B. NATALIE
WILLIAM C. EVANS
MICHAEL J. ROBERTS
JOHN L. RICHARDSON
RONALD D. EASTMAN
MARK J. ANDREWS
HENRY GOLDBERG
FRITZ R. KAHN
STUART F. PIERSON

MICHAEL F. GOLDMAN
JOHN A. MERRIGAN
THOMAS E. ACEY, JR.
JOSEPH L. MANSON, III
HOWELL E. BEGLE, JR.
ROBERT R. BRINKER
LYNDA S. MOUNTS
WILLIAM L. PHILLIPS
RUSSELL E. POMMER
JEFFREY D. KOMAROW
THOMAS J. KELLER
JEFFREY S. ROSEN
BARBARA DAVIS
ANN K. H. SIMON
VICTOR S. ELGORT

MERRITT RUHLEN
WHITNEY GILLILLAND
OF COUNSEL

October 13, 1977

Docket File all Carter Cases

Mr. William C. Oldaker
General Counsel, Federal
Election Commission
1325 K Street, N. W.
Washington, D. C. 20463

'77 OCT 14 AM 10:45

RECEIVED FEDERAL ELECTION COMMISSION

Dear Mr. Oldaker:

This is to advise you that I will be representing both the Committee for Jimmy Carter, the principal campaign committee during the prenomination period, and the 1976 Democratic Presidential Campaign Committee, Inc., the principal committee during the general election, in all matters arising before the Federal Election Commission.

Would you kindly make all communications, including correspondence, with those committees through me.

Very truly yours,

Ronald D. Eastman

Ronald D. Eastman

7804007 1127

7704010 6 19

MURs 217, 401, 438, 439, 440, 441, 457

Part I

7 9 9 1 0 1 1 7 6 2 0

HANDLING OF TRANSITION FUNDS

Continued from 10th Page

"They could not wait for 10 days or seven days for a check," he said. "If they worked Thursday night, they expected to get paid on Friday."

In addition, he said, "to have GSA pay them . . . would entitle them to health benefits, retirement, the rest of that stuff, which is an added 10% overhead item."

Federal tax regulations, however, [illegible]ire that an employer deduct fed-[illegible] income taxes from paychecks unless the part-time employe signs a statement—officially, form W-4E—certifying that he or she is exempt from withholding provisions because he or she owes no taxes for the past year and expects to owe none for the current year. Most states have similar withholding requirements—as does the Social Security system.

In paying part-time employes from the special checking account, transition officials neither withheld taxes nor obtained employe signatures on the required exemption forms.

When Times reporters called this to Kallaur's attention, he said, "If we were out of compliance, we didn't [illegible]n to be, and we'll get into compli-[illegible]. We were operating under the impression we weren't under those requirements."

At stake is an estimated $8,200 in unpaid Social Security taxes and an undetermined amount of federal, state and local income taxes. Kallaur said that recovering the money now from the part-time employes would be "an administrative nightmare." He said he was consulting with GSA and IRS officials for advice on how to proceed.

Other salary payments were made by Kallaur from the checking account, under pressure from his superiors.

Besides paying salaries, Kallaur used the checking account to parcel out more than $75,000 in $500 lump sums to transition staffers for what was officially described as per diem payments for temporary living expenses in the capital.

Internal documents indicate the payments were widely regarded by employes as relocation allowances—although the formal agreement between GSA and the Carter staff specifically stated "that no allowances are available for movement of household goods or for the transportation of family members."

In early January, Barbara Blum, codirector of the transition planning staff, sent Kallaur a memo asking that "the maximum payable per diem relocation allowance" be paid an employe, and Kallaur complied. He also complied when another employe requested reimbursement of expenses that "included the initial move to Washington," the documents showed.

Such memos describing the $500 lump sum payments as relocation allowances used "sloppy phraseology," Kallaur said.

Kallaur said he had a reputation during the transition of being "a hard-ass," and records indicate that he was a stickler on some expense items.

Months after the inauguration, he was collecting personal checks from those who improperly charged the government for family travel or lodging costs during the transition period.

Interior Secretary Cecil D. Andrus, for instance, on July 5 repaid $342 for his wife's January air fare from Idaho to Washington.

Theodore C. Sorenson, who withdrew as Carter's first nominee as CIA director, repaid $415 on May 31 for his wife's house-hunting and other trips to the capital.

United Nations Ambassador An-

7 9 0 4 0 1 1 0 6 2 Part II

drew Young on the same day repaid $614 for his family's expenses at the Sea Island, Ga., resort where Carter conducted a three-day meeting with his Cabinet members in December.

Repayments also have been required from 75 transition employes who lined up in November and December to collect a total of $18,810 as travel advances, purportedly for trips to Annapolis, Md. The trips were never taken—in fact, the employes never intended to take them. The payments were actually salary advances.

After news stories last spring disclosed the pattern of ficticious travel advances, the Justice Department's criminal division began an inquiry which, according to several sources, is still open.

Another arm of the Justice Department, the civil frauds section, last summer received from GSA auditors a listing of "15 questionable items" of transition spending.

These included such expenditures as $391 to repair a transition courier's personal auto, which was damaged in an accident; $104 for gifts that Mrs. Carter gave her hosts on a pre-inauguration trip to Mexico; $480 for catering a Thanksgiving dinner that White House Press Secretary Jody Powell arranged for 75 members of the press corps and transition staff; and $1,516 for liquor, food and favors for a Christmas party for transition employes—an amount repaid five months later by the Democratic National Committee.

Five working days after receiving the documents, J. Roger Edgar, chief of the civil frauds section, wrote GSA that his review found no indication of fraud. But he said the GSA, not the Justice Department, "has the reponsibility to recover alleged improper expenditures" and, thus, "I refer the matter back to your agency for further consideration and for appropriate agency action . . ."

CARTER TEAM TRANSITION FUNDS

~~Continued from First Page~~

auguration paychecks to at least 20 persons working on White House projects unrelated to the campaign—an apparent violation of federal election law.

In another instance, officials in charge of Carter's transition funds set up a special payroll system for temporary employes and issued more than 300 salary checks outside of normal government channels without deducting federal withholding taxes—an apparent violation of tax regulations.

To be sure, the amounts of money involved are small by government spending standards and the apparent indiscretions occurred at a time when officials new in their jobs were confronted by the turmoil that inevitably accompanies a change of administrations.

But the two incidents indicate a sloppiness and corner-cutting that contrasts with Carter's standards of managerial efficiency and order.

Moreover, some transition expenditures examined by The Times seem at variance with Carter's personal tight-fistedness—a frugality that has caused aides to call him "tight as a tick."

The transition team's practices and expenditures are now being examined by General Accounting Office auditors at the request of the House Government Operations Committee, which last year drafted the transition spending law.

The Justice Department's civil frauds section investigated some of the transition team's activities last summer and said it found "no evidence of fraud, misrepresentation or false claim." But, according to several sources, the department's criminal division is inquiring into at least one aspect of transition operations.

None of these inquiries directly touches Carter or his closest aides. But, depending on their outcome, the investigations could prove embarrassing for the Administration.

One already-embarrassed official is Walter V. Kallaur, a former campaign aide who was financial administrator of Carter's transition team and worked briefly at the White House before taking a $17,500-a-year job as assistant administrator of the General Services Administration, the government's housekeeping agency.

While Kallaur says, "in all modesty I think we did a decent job in managing the public's funds" during the transition, he also acknowledges that "we dropped the ball" on occasion.

According to internal White House memos obtained by The Times, Kallaur was instrumental in getting the campaign committee paychecks for 20 persons, including himself, who after the inauguration worked at the White House on a personnel placement project.

Kallaur said in a recent interview that he sought at the time to have the 20 persons placed on the White House payroll, because transition funds could not legally be used to pay their salaries after the Jan. 20 inauguration.

This was refused, he said, because of "the mind set at the time"—an apparent reference to Carter's declaration that he intended to reduce the White House staff by 30%.

"We came up with the idea" of using campaign funds "because we thought it made sense," Kallaur said. "In retrospect, it was probably stu-

10 - Cont.

pid."

Payments to the 20 were listed as "staff payroll" by the campaign committee in a report it filed in April with the Federal Election Commission. The next committee report, filed in July, lumped together $15,911.99 in payments and classified them as "salary advances" owed to the campaign committee by the Carter transition group.

Kallaur acknowledged that the 20 persons were working on White House matters unrelated to the campaign and "should not have" been placed on the campaign payroll.

The 1976 federal election law, which spelled out the system for public financing of presidential campaigns, requires candidates to use the federal grants only "to defray . . . qualified campaign expenses" and sets penalties of up to five years in prison and a $10,000 maximum fine for violations.

Douglas B. Huron, associate White House counsel, turned aside a reporter's questions on whether the campaign committee's payments in February and March violated election law.

"I'm not going to comment on legality," Huron said, "particularly when we have a pending request with Justice." He referred to the White House's request in May that the Justice Department's office of legal counsel give an opinion on how the money could be repaid to the campaign committee.

Huron said that "it was the understanding of everyone" that the payments were "to be treated as an advance, that it was to be repaid fairly soon."

The question now, he said, is whether repayment should come from "a government source or nongovernment source or what . . . It's not a situation where a payment was made that was not intended to be reimbursed. I think that's what is critical about it."

No mention of repayment, however, appeared in a pair of memos written by Kallaur in February arranging for the checks to be written by the campaign committee and sent to him for distribution. And the campaign committee, in the April report, did not record the payments under the "salary advance" category used to list small sums given to several other campaign workers.

Kallaur said an internal campaign audit raised questions about the payments in April, and the matter was turned over to White House and Justice Department lawyers. "We gave them the factual situation and said, "How can we possibly undo what we have done?'" he recalled. ". . . We've been trying to get it resolved. We realize we dropped the ball there.

"We did it with the best of intentions," he added.

Several months earlier, as the transition team's financial administrator, Kallaur set up a checking account at a Washington bank to make payments and receive reimbursements for a series of fund-raising trips Carter planned in behalf of the Democratic Party.

Carter's fund-raising journeys subsequently were canceled, but the checking account—created with cash transferred from the GSA, the agency designated by law as "administrator" of transition funds—was used to make more than 800 payments totaling more than $300,000.

The money was used, for instance, to issue more than 300 checks totaling about $70,000 to a category of employes known as "casual labor." These were mostly college students and other temporary employes hired on an hourly basis to handle the deluge of mail received by Carter after his election.

Kallaur argues that it was impractical to follow regular government payroll procedures for these part-time employes because of the time required to process Treasury checks.

Please Turn to Page 11, Col. 1

Los Angeles Times 6-5-77 [redacted]

FORMER AIDE EMBARRASSED

Careless Use of Carter Transition Funds Cited

BY GAYLORD SHAW and GRAYSON MITCHELL
Times Staff Writers

WASHINGTON—With the flush of Jimmy Carter's victory last November came $2 million in federal funds, the most generous government allowance ever provided to smooth a President-elect's transition into the White House.

Carter and his lieutenants proclaimed that their transition would be a model off efficiency and order. "When the nation, through the news media, realizes the amount of work we've already done to prepare for the transition period," Carter said, "it will be recognized as an unprecedented effort."

And a month after his inauguration, Carter announced that $350,000 of the transition money remained unspent and would be returned to the U.S. Treasury. "I'm very pleased with the work of the transition team," he said. ". . . I'm glad they were able to do their work in economical fashion."

Now, however, it appears that Carter may have spoken too soon. The Times has learned that White House aides and other Administration officials are trying to rectify some apparent violations of government rules in the handling of federal funds immediately before and after Carter took office.

In one instance, aides used leftover campaign money to provide post-in-

~~Please Turn to Page 10, Col. 1~~

over →

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON,D.C. 20463

THIS IS THE BEGINNING OF MUR # 458

Date Filmed 3/15/79 Camera No. --- 2

Cameraman DPC

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

7 9 0 4 0 1 7 2 2 5 3

THE FOLLOWING MATERIAL IS BEING ADDED TO THE PUBLIC FILE OF CLOSED MUR 458.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 29, 1979

The Honorable Benjamin R. Civiletti
Attorney General of the United States
U. S. Department of Justice
Washington, D.C. 20530

RE: MUR 458 (77)
1976 Democratic Presidential
Campaign Committee, Inc.

Dear Mr. Attorney General:

This is to inform you that on August 16, 1978 the Federal Election Commission approved the enclosed conciliation agreement in settlement of this matter, which was officially closed on September 28, 1978.

Although ordinarily a prompt notification of this Commission determination would have been sent to your office, it was not done in this instance. I apologize for the lengthy delay in notifying you of this Commission action.

Sincerely,

Charles N. Steele
Acting General Counsel

Enclosure

cc: Ms. Lois Lerner
Public Integrity Section

79040172254

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

END OF ADDITIONAL MATERIAL FOR CLOSED MUR 458.

79040172255