

BEFORE THE  
FEDERAL ELECTION COMMISSION  
Washington, D.C. 20463

FEB 7 10 45 AM '97

UTAH STATE DEMOCRATIC COMMITTEE

455 South 300 East, Suite 102

Salt Lake City, UT 84111

v. Complainant,

Merrill Cook

Merrill Cook for Congress Committee

Respondent,

**COMPLAINT**

**COMPLAINT OF UTAH STATE DEMOCRATIC COMMITTEE**

1. This complaint charges that the respondent violated the Federal Election Campaign Act, 2 U.S.C. § 431 et seq., as amended ("FECA"), by failing to settle debts owed or to properly report disputed debts thereby resulting in acceptance of contributions or loans not permitted by the FECA.

**PARTIES**

2. The complainant, the Utah State Democratic Committee, is a registered political party in the State of Utah and headquartered in Salt Lake City, Utah. Founded over 100 years ago, it is designed to assist in the election of candidates for public elected office, promote statements of policy, and to encourage and support codes of political ethics for public offices in federal, state and local governments, to assure that public officials shall at all times conduct themselves in a manner that reflects credibly upon the office they serve.

3. The respondent, Cook for Congress Campaign, is a principal campaign committee whose chief purpose was to elect Merrill Cook, a candidate for Utah's Second Congressional District in 1996.

**APPLICABLE STATUTES AND REGULATIONS**

4. The FECA requires ongoing committees to settle any outstanding debts for the entire amount owed, or alternately, the committee must report the disputed debt per 11 CFR § 116.

5. Failure by the committee to comply with these regulations would result in a contribution to the committee per 11 CFR § 100.7 (a)(4).

6. Contributions by R. T. Nielson Company or Phillips, Tweede, Spencer are impermissible corporate contributions in violation of 11 CFR § 114.2 or are in excess of contribution limits per 11 CFR § 110.1.

### GROUNDS FOR COMPLAINT

7. A press release issued on Friday, January 24, 1997 by a political consulting firm named R. T. Nielson Company states that there has been "nonpayment of more than \$200,000 in bills by Mr. Cook" and that "R. T. Nielson Co. is concerned that Merrill Cook is forcing us to carry a loan for the campaign, which may be in violation of FEC law." The press release is attached to this complaint as Exhibit 1.

8. The press release from R. T. Nielson Co. also states that, "We are very concerned that a FEC violation has occurred in reporting debt amounts as well."

9. R. T. Nielson Company managed and consulted the congressional campaign of Merrill Cook in 1996 by its admission in the January 24, 1997 press release.

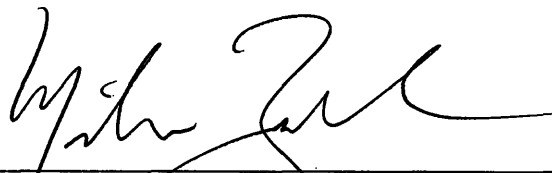
10. Another firm, Phillips, Tweede, Spencer, has alleged similar problems. A newspaper article detailing these problems is attached to this complaint as Exhibit 2.

11. On information and belief, respondent Merrill Cook and Cook for Congress Campaign failed to report in full the expenditures, contributions and/or loans for the 1996 election and accepted an illegal contributions or loans from R. T. Nielson Co. and Phillips, Tweede, Spencer which carry the campaign's debt.

### RELIEF

12. The Utah State Democratic Committee respectfully urges the Commission to conduct a prompt and thorough investigation into the allegations in the Complaint, and to declare that the Respondent has violated the FECA and Commission regulations.

Respectfully submitted,



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Mike Zuhl, Chair  
UTAH STATE DEMOCRATIC COMMITTEE  
455 South 300 East, Suite 102  
Salt Lake City, UT 84111  
(801) 328-1212

5461-504-4012  
21-04-405-1975

## **PRESS RELEASE**

For Immediate Release

Date: January 24, 1997  
Contact: Kevin Walthers 1-801-359-1345

### **Cook Consulting Team Quits Because of Non-Payment**

**Salt Lake City, UT-** Newly elected Congressman Merrill Cook's campaign consulting team has called it quits. R. T. Nielson Company which managed and consulted the successful 1996 congressional campaign of Merrill Cook has terminated their working agreement with Merrill Cook.

Stating nonpayment of more than \$200,000 in bills by Mr. Cook, R.T. Nielson Co. will no longer provide any services for the Cook campaign. In the 1996 campaign Nielson oversaw all polling, research, management, advertising and consulting activities. Work provided for Cook by R.T. Nielson Co. President Ron Nielson qualified Mr. Nielson as a finalist to receive a Pollie for Campaign Manager of the Year by the American Association of Political Consultants.

In addition to payment for services rendered, R. T. Nielson Co. was asked by Merrill Cook to assume debt for over a dozen vendors, campaign staff and sub-contractors, that were owed money by the campaign in the late months of 1996. These expenses were to be paid by Cook immediately, but Mr. Cook has yet to make payment or payment arrangements. Many of these debts are more than seven months old. According to Ron Nielson "R.T. Nielson Co. is concerned that Merrill Cook is forcing us to carry a loan for the campaign, which may be in violation of FEC law. In addition R.T. Nielson Co. has asked Merrill Cook both privately and in a formal letter to make adjustments in the debt obligation on the FEC reports showing the actual amount owed to R.T. Nielson Co. We are very concerned that a FEC violation has occurred in reporting debt amounts as well". Ron Nielson also added "R.T. Nielson Co. in 1996 handled more than 450 political clients, Merrill Cook is the only client that has not paid. This is a very unfortunate situation, we have tried and tried to resolve this problem".

R.T. Nielson Co. provides consulting and research services for government, political and corporate clients. It's main offices are in Salt Lake City, with additional offices in Albuquerque, NM, and Washington, D.C..

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## 2 firms say Cook refuses to pay up

By Bob Bernick Jr.

Deseret News political editor

Two consultants who worked on Rep. Merrill Cook's campaign say the Republican freshman isn't paying bills from his successful 1996 race. One is suing Cook, the other says he plans to sue.

Both consultants say they've warned Cook that he could be in violation of Federal Election Commission law for filing campaign finance reports that don't show the actual extent of his campaign's debt.

Cook spokeswoman Marianne Funk said the firms are billing Cook's campaign for more than the agreed-upon amounts, the lawsuit will fail, and Cook has done nothing wrong.

R.T. Nielson Co., while listed as a consultant, basically ran Cook's 1996 campaign. Firm principal Ron Nielson said Cook owes the firm \$200,000, both in direct consulting fees and for bills from various vendors that Nielson paid on Cook's behalf.

Nielson said he's filed suit against Cook.

Cook owes \$16,000 to the advertising firm of Phillips, Tweede, Spencer for work on the 1996 campaign, Ted Phillips said.

"We've tried and tried to get Merrill to pay his obligation. He just says he doesn't think our work was worth that much. But we owe vendors who did work for us," Phillips said.

While Phillips hasn't filed suit, "we're very close to doing so," he said Friday.

Nielson and Phillips said they've warned Cook that if he doesn't report the actual debt he owes them on FEC reports, it could be seen as a violation of campaign law.

"Merrill is forcing us to carry a loan for the campaign, which may (also) violate FEC law," Nielson said.

Latest FEC reports on file show Cook gave his campaign \$855,097 of his own money in 1996, spent a bit more than \$1 million on his race and has debts of \$53,897. Nielson and Phillips say Cook owes them a lot more than that amount.

Funk said the dispute is over how much, not whether, Cook owes the firms.

Basically, Funk said, Nielson demands payment well above what is called for in the signed contracts. After looking over Nielson's billing invoices, Cook's chief of staff, David Irvine, said Cook may owe Nielson at most \$18,454. FEC reports don't reflect the \$200,000 of debt that Nielson claims because Cook doesn't owe him that much, Funk said.

For example, Funk said, the contract with Nielson says a \$5,000 bonus will be paid to the consultant after a primary election victory. Cook won but Nielson "billed us for \$50,000," Funk said.

Irvine thought he was in negotiation with Nielson over the billings until suit was filed Friday, Funk said. "We didn't get an invoice showing exactly what Ron expects from us until last Wednesday. Dave has sent him a six-page memo outlining each difference. We're working on this," Funk said.

Cook has already paid Nielson \$229,657, Funk added.

Irvine said he has a meeting scheduled with Phillips next week. "I'm going through a stack of stuff right now (on the Phillips account), and I think we can reach agreement" with Phillips, he said.

Phillips isn't so sure. "You would think that someone who finally wins office after (six) attempts would live up to his obligations, especially when a year ago Merrill was criticizing (former 2nd District representative) Enid Greene for not paying her bills," Phillips said.

Cook's 1996 victory came after six other attempts at elective office, including two independent campaigns for governor and an independent race against Greene in 1994.

Greene chose not to seek re-election to the 2nd District in 1996 after it was discovered that her former husband, Joe Waldholtz, illegally put \$2 million into her 1996 campaign. Waldholtz is in federal prison serving time for fraud and campaign violations. No charges were filed against Greene.

Nielson said his firm handled more than 450 political clients in 1996. "Merrill Cook is the only client that has not paid us," Nielson said.

Cook could conduct fund raising and use that money to pay off his 1996 debts but, meanwhile, he'll probably have to pay Nielson and Phillips out of his own pocket if the total really is more than \$200,000.

As previously reported in the Deseret News, millionaire Cook has a privately held mining explosives company that is so structured that House ethics rules prohibit him from taking a salary from the firm while in office. Cook told the newspaper previously he plans on living on his congressional pay of \$130,000 a year, "a step down" in lifestyle.

If Cook can't tap into his personal wealth to aid his 1998 re-election campaign, and he has to raise all of his 1998 money from outside sources, then giving up the first \$200,000 he raises while in office to pay old debts puts him behind in his financial re-election effort.

"We've been meeting with Merrill for some time," said Kevin Walthers of R.T. Nielson. "We even did some transition work for him in November and December hoping he'd pay us what he owes us for the campaign. But he's refused."

Walthers said although a lawsuit has been filed, Cook hasn't been served with it. "We can't find him in Washington."

Actually, Cook was in Williamsburg, Va., this week attending a Republican leadership conference while Congress is out of session.