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322 State Street, Ste 301  
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May 20, 1997

Federal Election Commission  
999 E Street, NW  
Washington, DC 20463

RE: MUR 4633

Dear Commissioners,

I have been designated to represent Eagle Forum PAC in connection with MUR 4633. MUR 4633 concerns certain activities in support of Congressman Robert Riley, who was elected to Congress from the 3rd district of Alabama on November 5, 1996.

MUR 4633 originated in a complaint filed by James Anderson on April 25, 1997. Mr. Anderson alleges that contributions made by Congressman Riley's son, Robert Riley Jr., to certain political committees, including Eagle Forum PAC, may have been unlawfully "earmarked" by using those committees as a "conduit" for excessive contributions to Congressman Riley.

Background

Eagle Forum PAC (C00103937) is a multicandidate PAC which first registered as such with the Federal Election Commission on September 26, 1978, and has filed all required reports since then. Eagle Forum PAC filed an amended statement of organization on July 1, 1982. Eagle Forum PAC is the separate segregated fund of an incorporated not-for-profit membership organization, Eagle Forum.

During the 1995-96 election cycle --

\* Eagle Forum PAC received \$322,825 in contributions from about 3,200 individual donors.

\* Eagle Forum PAC disbursed \$232,250 in direct or in-kind transfers to 109 separate candidates for federal office.

\* At all times from mid-March until mid-October, 1996, Eagle Forum PAC's bank

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balance exceeded \$100,000.

Decisions to support or oppose a candidate are made by the officers of Eagle Forum PAC's connected organization, Eagle Forum, based on a review of the candidate's positions (or voting record, if an incumbent) and likelihood of winning. All such decisions are made without regard to any specific contributions Eagle Forum PAC may have received.

No contribution received by Eagle Forum PAC was earmarked in any way, express or implied, for any candidate. No contribution made by Eagle Forum PAC to any candidate was induced by the receipt of a contributor's contribution.

#### Eagle Forum PAC support for Riley

Robert Riley first came to the attention of Eagle Forum when, as a Congressional candidate, he and his wife Betsy attended a meeting sponsored by Eagle Forum of Alabama on February 23-24, 1996, in Montgomery. Other candidates for the same Congressional seat also attended that meeting, seeking support from Eagle Forum members.

After Mr. Riley emerged as one of the top two candidates in the primary held on June 4, 1996, members of Alabama Eagle Forum met with Mr. Riley to discuss his views on matters of public policy. That meeting took place on or about June 13, 1996, at Lloyd's Restaurant in Shelby County, outside Birmingham. The decision was made to support him in the runoff election set for June 25, 1996. On June 14, 1996, Eagle Forum PAC contributed \$1,000 to Robert Riley's campaign.

On July 29, Eagle Forum PAC purchased a \$500 ticket to a fundraising reception, benefiting Riley, that was held on August 1 in Washington, D.C. On September 11, Eagle Forum PAC purchased another \$500 ticket to another Washington, D.C. fundraiser for Riley. A representative of Eagle Forum attended both receptions.

On September 30 and October 2, Eagle Forum mailed letters to its members in Alabama, urging them to vote for the U.S. Senate candidate and six Congressional candidates endorsed by Eagle Forum, including Riley. The cost of mailing those letters was paid for by Eagle Forum PAC and reported as an "administrative" expenditure.

#### Receipt from Riley Jr.

Eagle Forum PAC received a \$1,000 contribution from Robert Riley Jr. on July 12, 1996. This contribution was entirely unrestricted. Neither Riley Jr. nor anyone acting on his behalf made any suggestion, request, instruction, or condition, express or implied, as to how he wanted that money spent. No one in Eagle Forum made any

promise or prediction to Riley Jr. concerning expenditures Eagle Forum PAC would make.

During all relevant times, no person associated with Eagle Forum knew Riley Jr., or ever corresponded or spoke with him, or with anyone purporting to represent him. In fact, it never even occurred to anyone at Eagle Forum that there was any relationship between contributor Robert Riley Jr. and candidate Robert Riley. After all, Riley is a common name.

With the large volume of contributions we were receiving, and the large number of candidates we were supporting during that busy election year, and the ample bank balance Eagle Forum PAC was carrying, no one associated with Eagle Forum suspected that Eagle Forum PAC had received a contribution from the son of a Congressional candidate. And of course, no one at Eagle Forum had any knowledge whatsoever concerning any other political contributions that Riley Jr. may have made.

#### Conclusion

There is no basis for any inference that the contribution Eagle Forum PAC received from Robert Riley Jr. was earmarked for the campaign of Congressman Riley, or that Eagle Forum PAC acted as a conduit for such a contribution. The receipt and expenditures were entirely unrelated.

Sincerely,



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# STATEMENT OF DESIGNATION OF COUNSEL

MUR 4633

NAME OF COUNSEL: John F. Schlafly

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The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

5/20/97  
Date

Margaret Gaul  
Signature

RESPONDENT'S NAME: Margaret Gaul, treasurer

ADDRESS: Eagle Forum PAC

PO Box 618

Alton, IL 62002

TELEPHONE: HOME( ) \_\_\_\_\_

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