



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4745

DATE FILMED 12/2/98 CAMERA NO. 3

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From the desk of...

FEDERAL
COMMISSION
OFFICIAL

DOUG HARBACH

RECEIVED
FEDERAL ELECTION
COMMISSION

1-27 11:00 AM '98

April 17, 1998

The Honorable Joan Aikens
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

98
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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

Dear Chairman Aikens

Despite billing itself as a "non-partisan public interest" group, the Congressional Accountability Project is a corporation which has used its tax exempt status to aid the political campaign of a federal candidate in my Congressional District. Accordingly, upon information and belief, the congressional Accountability Project has made an illegal corporate contribution to the congressional campaign of Democrat Paul Politis. Politis is a candidate in Pennsylvania's 9th Congressional District against Representative Bud Shuster, who himself has been a long-term target of the Congressional Accountability Project.

According to media reports, Congressional Accountability Project staffer Gary Ruskin met with Politis and aided his campaign by providing him with information about Politis' political opponent, Shuster. The Congressional Accountability Project is a part of the organization run by Ralph Nader, which has been highly critical of Mr. Shuster's official actions on transportation and highway issues in his role as Chairman of the House Transportation and Infrastructure Committee and has filed an ethics complaint with the House Committee on Standards of Official Conduct against Mr. Shuster. By its illegal corporate contributions to get candidate Politis to raise its issues in Mr. Shuster's campaign, the Congressional Accountability Project has also attempted to influence the process of the House Committee on Standards of Official Conduct.¹

Because the Congressional Accountability Project is an incorporated tax-exempt entity, any assistance that Ruskin gave Politis is a violation of 2 U.S.C. 441b, as well as 2 U.S.C. 434(b) which requires the public reporting of all contributions to a federal candidate.² Since Ruskin failed to register the Congressional Accountability Project as a political committee and since Politis decided not to report Ruskin's contribution, this matter would not have come to light without media reports. This is precisely why the American campaign finance structure requires the full public disclosure of who and what organization are aiding a federal congressional campaign, and why the Federal Election Commission is empowered to bring enforcement actions against violators such as these. The failure to report this activity undermines the entire system.


¹ Upon information and belief, this is not the only attempt by the Congressional Accountability Project and Gary Ruskin to influence the Members of the House Ethics Committee since Ruskin is known to have called people involved in the political process in Colorado to seek advice on how best to bring political pressure on Congressman Joel Heffley (R-CO) who is heading the Committee's task force considering the Nader Organization's complaint against Mr. Shuster.

² A separate complaint calling for an investigation of whether the Congressional Accountability Project violated its tax exempt status is being filed simultaneously with the Internal Revenue Service.

Indeed, since this contribution by the Congressional Accountability Project has come to light, the Commission should investigate what, if any, other campaigns the Congressional Accountability Project has aided. This investigation is necessary to prove either that its aid to the Politis' campaign was unique, thereby demonstrating a corporate vendetta against Shuster, or that the organization has engaged in a pattern of practice of abusing its tax exempt, corporate status to aid federal campaigns.

In either event, a comprehensive and speedy investigation by the Commission is required in order to maintain the integrity of the Federal Election Campaign Act.

Sincerely,

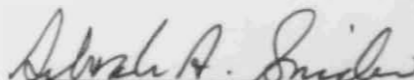


Douglas P. Harbach

State of PA
County of Franklin

On this, the 20th day of April, 1998, before me Deborah A. Snider,
the undersigned officer, personally appeared Douglas P. Harbach
known to me (or satisfactorily proven) to be the person who name is
subscribed to the within instrument, and acknowledged that he executed
the same for the purposes therein contained.

In witness whereof, I hereunto set my hand and official seal.


Notary Public

Notarial Seal
Deborah A. Snider, Notary Public
Chambersburg Boro, Franklin County
My Commission Expires Sept. 22, 2001
Member, Pennsylvania Association of Notaries



FEDERAL ELECTION COMMISSION

Washington, DC 20463

April 28, 1998

Douglas P. Harbach
52 Wagner Road
Chambersburg, PA 17201

Dear Mr. Harbach:

This is to acknowledge receipt on April 24, 1998 of your letter. The Federal Election Campaign Act of 1971, as amended and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge. The notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this ____ day of ____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him/her also will be sufficient. We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g.

Please note that this matter will remain confidential for a 15 day period to allow you to correct the defects in your complaint. If the complaint is corrected and refiled within the 15 day period, the respondents will be so informed and provided a copy of the corrected complaint. The respondents will then have an additional 15 days to respond to the complaint on the merits. If the complaint is not corrected, the file will be closed and no additional notification will be provided to the respondents.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission. If you have any questions concerning this matter, please contact me at (202) 694-1517.

Sincerely,



Retha Dixon
Docket Manager

Enclosure

cc: Congressional Accountability Project
Paul Politis

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From the [redacted] of...

DOUG HARBACH

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF
SECRETARIAT

May 12 3 05 PM '98

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

May 12 3 05 PM '98

May 6, 1998

The Honorable Joan Aikens
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

MUR 4745

Dear Chairman Aikens:

Despite billing itself as a "non-partisan public interest" group, the Congressional Accountability Project is a corporation which has used its tax exempt status to aid the political campaign of a federal candidate in my Congressional District. Accordingly, upon information and belief, the congressional Accountability Project has made an illegal corporate contribution to the congressional campaign of Democrat Paul Politis. Politis is a candidate in Pennsylvania's 9th Congressional District against Representative Bud Shuster, who himself has been a long-term target of the Congressional Accountability Project.

According to media reports, Congressional Accountability Project staffer Gary Ruskin met with Politis and aided his campaign by providing him with information about Politis' political opponent, Shuster. The Congressional Accountability Project is a part of the organization run by Ralph Nader, which has been highly critical of Mr. Shuster's official actions on transportation and highway issues in his role as Chairman of the House Transportation and Infrastructure Committee and has filed an ethics complaint with the House Committee on Standards of Official Conduct against Mr. Shuster. By its illegal corporate contributions to get candidate Politis to raise its issues in Mr. Shuster's campaign, the Congressional Accountability Project has also attempted to influence the process of the House Committee on Standards of Official Conduct.¹

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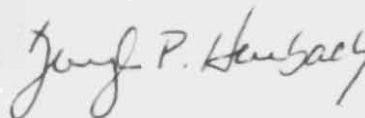
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In either event, a comprehensive and speedy investigation by the Commission is required in order to maintain the integrity of the Federal Election Campaign Act.

Sincerely,



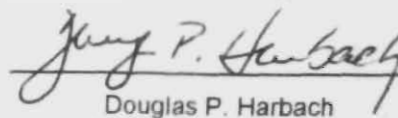
Douglas P. Harbach

9 5 0 4 3 2 0 1 2 4 0

AFFIDAVIT

STATE OF PENNSYLVANIA)
)
COUNTY OF FRANKLIN) SS.

Douglas P. Harbach, being duly sworn according to law, deposes and states that the facts set forth in the foregoing document are true and correct to the best of his knowledge, information and belief.


Douglas P. Harbach

Sworn and subscribed to before me
this 6th day of May, 1998,


Notary Public

Notarial Seal
Deborah A. Snider, Notary Public
Chambersburg Boro, Franklin County
My Commission Expires Sept. 22, 2001
Member, Pennsylvania Association of Notaries

98043901949



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 19, 1998

Doug Harbach
52 Wagner Road
Chambersburg, PA 17201

RE: MUR 4745

Dear Mr. Harbach:

This letter acknowledges receipt on May 12, 1998, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended. The respondent(s) will be notified of this complaint within five business days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be notarized and sworn to in the same manner as the original complaint. We have numbered this matter MUR 4745. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Turley", is positioned above the typed name.

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosure
Procedures

93043901950



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 19, 1998

Gary Ruskin
Congressional Accountability Project
1611 Connecticut Ave., NW, Suite #3A
Washington, DC 20009

RE: MUR 4745

Dear Mr. Ruskin:

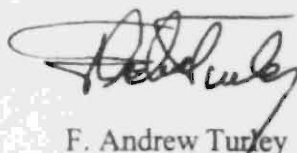
The Federal Election Commission received a complaint which indicates that Congressional Accountability Project and you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4745. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against Congressional Accountability Project and you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

If you have any questions, please contact Jennifer H. Boyt at (202) 694-1650. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

90043901952



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 19, 1998

Paul Politis
RR 1
McConnellsburg, PA 17233

RE: MUR 4745

Dear Mr. Politis:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4745. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

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Sincerely,



F. Andrew Tarley
Supervisory Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

98043901954

22 May '98
Response to Fivole

complaint II

MUR 4745

PAUL POLITIS

Box 335, HC 75
McConnellsburg, PA 17233

NEWS RELEASE -- The \$3. Complaint

Douglas Harbach of Chambersburg is attempting to file a complaint with the Federal Elections Commission against the Congressional Accountability Project (CAP) of Washington, D.C., and apparently also against Congressman Bud Shuster's Democratic write-in challenger, Paul Politis of McConnellsburg.

Harbach is the same person who filed the [REDACTED] complaint in March against Politis' nominating petitions, which reduced his campaign to write-in status. The Congressional Accountability Project is the government watchdog group that filed ethics charges against Shuster, who is now being investigated by the House Ethics Committee.

According to Harbach's complaint, CAP's Gary Ruskin met with Politis and provided him with information about Shuster. Harbach calls the act an "illegal corporate contribution" which both Politis and the CAP failed to report, a violation of public disclosure rules.

Harbach notes that he is also filing a complaint with the Internal Revenue Service, calling for an investigation into whether CAP violated its tax-exempt status.

Politis called the complaints "beneath silly," noting the following points:

"I initiated the meeting, since as a candidate against Shuster I wanted to see the full charges that CAP had filed that had led to the Ethics Committee investigation of him."

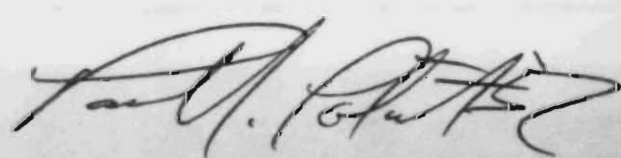
The meeting lasted about 10 minutes and the total "contribution" consisted of a small batch -- about 100 pages total -- of newspaper clipping copies and Ruskin's ethics complaint against Shuster. All items are freely available public information and would have been given to anyone who asked, including Shuster and Harbach!

Total monetary value of the contribution would be about \$3. in copying costs, hardly enough to trigger an IRS investigation!

CAP is not a liberal or partisan organization. For example, two years ago they filed ethics complaints against Rep. Barbara Rose Collins, a Black, female Democrat from Detroit!

In the first four months of this year, Politis noted, the Shuster campaign has spent approximately \$100,000 on legal fees. "Given this latest absurdity, coupled with the high-powered, carefully orchestrated, big money effort that has temporarily knocked me off the ballot, I have no trouble believing that figure!"

5/1/98



98043901255

Congressional Accountability Project
1611 Connecticut Ave. NW, Suite #3A
Washington, DC 20009
(202) 296-2787
fax (202) 833-2406

May 22, 1998

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket
Office of the General Counsel
Federal Election Commission
999 E Street NW
Washington, DC 20463

RE: Matter Under Review # 4745

Dear Mr. Turley:

I am writing in response to Douglas P. Harbach's complaint against the Congressional Accountability Project (CAP), which the Federal Election Commission (FEC) has numbered as Matter Under Review (MUR) # 4745. Mr. Harbach's complaint is without merit and should be swiftly dismissed by the FEC.

Mr. Harbach's complaint appears to be an effort by one of Representative Bud Shuster's political followers to stifle my First Amendment right to criticize the ethics of Chairman Shuster and transportation lobbyist Ann Eppard. The FEC should take no part in this effort.

According to the *Altoona Mirror*, Mr. Harbach is an active supporter of Chairman Shuster. "Harbach was part of a group of Shuster supporters who filed an objection with Commonwealth Court in January, claiming [Shuster political opponent Paul] Politis lied about circulating nominating petitions himself and that some of the signatures on the petitions were forged and others weren't even registered Democrats."¹

The Congressional Accountability Project has proceeded on two parallel tracks in criticizing Chairman Shuster and Ms. Eppard. CAP asked Attorney General Janet Reno to investigate whether Chairman Shuster and Ms. Eppard have violated criminal laws regarding the provision and acceptance of illegal gratuities.² On April 9, 1998, the United States Attorney for

¹ Gareth McGrath, "Shuster Supporters Remain at Odds With Potential Foe." *Altoona Mirror*, May 9, 1998. See Attachment #1.

² Correspondence to Attorney General Janet Reno, Department of Justice, from the Congressional Accountability Project, February 28, 1996. See Attachment #2.

the District of Massachusetts announced that a grand jury had indicted Ms. Eppard for conspiracy, mail fraud, wire fraud, and aiding and abetting.³

CAP has filed an ethics complaint against Chairman Shuster with the House Committee on Standards of Official Conduct ("Ethics Committee") asking them to investigate whether Chairman Shuster has violated criminal law or House Rules,⁴ and has formally requested to amend that ethics complaint.⁵ The Ethics Committee has launched an Investigative Subcommittee to probe this matter. Subsequently, CAP urged the Chairman and Ranking Minority Member of the Investigative Subcommittee to appoint an outside counsel.⁶ CAP has also been quoted in dozens of news articles criticizing the conduct of Chairman Shuster and Ms. Eppard.

It is true that I met with Paul Politis for about 20 minutes in the Congressional Accountability Project office. Mr. Politis requested the meeting, and I agreed to it. By meeting with Mr. Politis, I extended to him the same courtesy that I grant to anyone who wishes to meet with me. At the meeting, I gave Mr. Politis copies of CAP's ethics materials regarding Chairman Shuster and Ms. Eppard, which are also available on the Internet at the CAP web site at <<http://www.essential.org/orgs/CAP/CAP.html>>. I provided Mr. Politis with attachments to the complaint and letters, and some news articles and editorials, which are publicly available. I have provided a similar packet to scores of others during the last two years. Such a packet no financial value, and cannot conceivably constitute a contribution under the Federal Election Campaign Act.

The Congressional Accountability Project does not advocate the election or defeat of Chairman Shuster, Mr. Politis, or anyone else. It merely advocates for good government, and criticizes many Members of Congress, such as Chairman Shuster, who fail to uphold the public

³ "Eppard and Clark Indicted by Federal Grand Jury for Corruption." News release, U. S. Department of Justice, United States Attorney, District of Massachusetts, April 9, 1998. United States of America v. Ann M. Eppard, Vernon A. Clark, Criminal No. 98-10114-JLT, United States District Court, District of Massachusetts.

⁴ Correspondence to Honorable Nancy Johnson, House Committee on Standards of Official Conduct, from the Congressional Accountability Project, September 5, 1996. See Attachment #3.

⁵ Correspondence to Honorable James Hansen and Honorable Howard Berman, House Committee on Standards of Official Conduct, from the Congressional Accountability Project, October 8, 1997. See Attachment #4.

⁶ Correspondence to The Honorable Joel Hefley and The Honorable Zoe Lofgren, House Committee on Standards of Official Conduct, from the Congressional Accountability Project, November 19, 1997. See Attachment #5.

trust.⁷

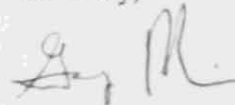
Indeed, Mr. Harbach's first footnote makes precisely this point -- that CAP works on ethics in Congress. He notes CAP's efforts to "influence the Members of the House Ethics Committee..." CAP advocates for strengthening the enforcement of House ethics Rules, and this seems to be the reason why Mr. Harbach has made his complaint.

Mr. Harbach's complaint appears merely to be a publicity ploy. The complaint has been the subject of news stories in Pennsylvania.⁸ It is not a bona fide complaint, but merely an abuse of the FEC complaint process for political purposes. It is an attempt to discredit the Congressional Accountability Project's work regarding Chairman Shuster and Ann Eppard.

The Congressional Accountability Project does not wish to be represented by counsel in this matter. The Congressional Accountability Project has violated no federal laws. Therefore, the FEC should take no action against it.

If you need any further information or documentation, or wish to speak with me, please give me a call at (202) 296-2787.

Sincerely,



Gary Ruskin
Director

⁷ CAP is an equal opportunity watchdog. CAP has prepared ethics complaints against Republicans such as Representatives Newt Gingrich, and Tom DeLay, and Democrats such as Representatives Jerry Costello and Barbara Rose Collins.

⁸ Gareth McGrath, "Shuster Supporters Remain at Odds With Potential Foe." *Altoona Mirror*, May 9, 1998. Attachment #6 contains Joyce F. Nowell, "Politis Calls Latest Complaint 'Silly.'" *Waynesboro Record Herald*, May 6, 1998. Kevin Bruner, "Politis Cited in FEC Complaint." *Bedford Gazette*, May 6, 1998.

Shuster supporters remain at odds with potential foe

BY GARETH MCGRATH
Staff Writer

A McConnellsburg businessman challenging incumbent U.S. Rep. Bud Shuster, R-9th District, by running a write-in campaign on the Democratic ticket says he is the victim of an aggressive campaign to discredit him.

But Shuster supporters say they are just making sure everyone follows the same set of rules, as twice this year they have taken potential foe Paul Politis to task over the way he runs his campaign.

"I think it's pretty sad that a 13-term congressman has to have his campaign run by lawyers and legalities," the 49-year-old Politis says. "Instead of running on issues and personalities, he has to run it through legal maneuvers."

But Doug Harbach, 37, a Chambersburg

Democrat who supports Shuster, says Politis' missteps show that he isn't a person who can perform well at this political level.

"Following the fiasco of the signature gathering Mr. Politis undertook in attempting to get on ballot, I felt that he was not a candidate that should be placed on my party's ballot," he says. "He's not the quality candidate we need."

Harbach was part of a group of Shuster supporters who filed an objection with Commonwealth Court in January, claiming Politis lied about circulating nominating petitions himself and that some of the signatures on the petitions were forged and others weren't even registered Democrats.

It was the second challenge Shuster has filed to an opponent's petitions since he first took office in 1972.

Please see **Foe**/Page A3

Down!!



UBARU

228-3428

INSIDE

A LOCAL, OPINION

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C NATION, WORLD, CLASSIFIEDS

D TODAY'S LIFE

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Classifieds	C2-8	Puzzles	D5
Comics	D4	Religion	A5
Lottery	A2	Scoreboard	B5
Movies	B2	Television	D5

Altam News 5/8/99

May 9, 1998

LOCAL

FOE / Politis being challenged by own party

(Continued from Page A1)

Though Politis says he thinks he had enough valid signatures to withstand Shuster's challenge, he asked for his name to be removed from the ballot. A few days later, he decided to re-enter the race and run in the Democratic primary as a write-in candidate.

Politis says most of the claims brought forth by Shuster's camp were just technicalities, minor mistakes he says all candidates have made, although he admits he was at fault on some of the notarizations.

"Sure I made some mistakes with my petitions, but I think anyone who hasn't campaigned at this level is going to do that," he says.

A new allegation

A new allegation of wrongdoing stems back to a visit Politis paid to a political watchdog organization in January.

Politis says he decided to visit the Washington-based Congressional Accountability Project to find out about the ethical charges against Shuster.

The project, a Ralph Nader-sponsored group that has been a vocal critic of Shuster, filed a complaint with the House Committee on Standards of Official Conduct in 1996, claiming strong circumstantial evidence suggested Shuster, the House Transportation and Infrastructure Committee chairman, had violated House rules. The complaint is currently languishing in the House.

After talking for about 15 minutes, Politis says Ruskin gave him a stack of papers, mainly newspaper clippings, and a copy of the ethics complaint.

"It was generally-available-type stuff," Politis says, adding that the papers probably cost about \$3 to copy. "Anyone could have gone down and got the same stuff."

That same day Politis stopped by Common Cause, another citizen advocacy group, and the national headquarters of the Democratic Party.

"And that was it," he says. "I came home and didn't give it another thought, never even talked to Ruskin again, until Friday (May 1)."

That is when Politis received the letter from the Federal Election Commission alerting him that someone was attempting to file a complaint against him over his relationship with the advocacy groups.

That someone was Harbach.

"While I am a Democrat, I support public servants who work hard to represent their constituency,"

Harbach says. "Because Congressman Shuster has done everything he is supposed to do in support of his district, I look beyond party affiliation."

Harbach, vice president of a printing consultant business, says he has worked for Shuster's campaign in the past, including assisting in filing the complaint against Politis in January.

When he read a story in the *Huntingdon Daily News* about Politis' visit with the Congressional Accountability Project, he contacted Shuster's campaign.

"When I read that he had gone down to see Gary Ruskin, that bothered me a lot," he says. "That is a group with a known strong opposition to Shuster, and when he made movements to get into bed with that group, it caused extreme concern on my part."

'Completely ridiculous'

Politis said the impropriety alleged by Shuster's camp is meritless.

"It's absurd, completely ridiculous," he says. "On a scale of 1 to 10, it's a zero."

Politis says he called and talked to an FEC official about the complaint and was told if no money changed hands, it shouldn't be a problem.

"I think they are grasping at any straw they can," Politis adds.

Ruskin also thinks the accusation is ludicrous.

"I am very confident it will be bounced because it has no merit," he says.

But Harbach sees the situation differently.

"I think it has merit simply because the law states what relationships can occur between a candidate and some kind of nonpolitical entity like the Congressional Accountability Project," he says. "This happened and the Federal Election Commission should make a determination on it."

At the least, he says Politis' failure to register the Congressional Accountability Project as a political committee and its contribution to his campaign, shows the need for some type of reforms of the election disclosure system.

The FEC sent the original complaint back to Harbach on a technicality, stating that there was a problem with the notarization.

Harbach says he fixed the error and has resent the complaint to the FEC.

Because of the problems with the original attempted filing of the complaint, a spokeswoman for the FEC says she had no record of it.

She says once the complaint is

filed, an administrative law judge will review it and make a decision. But she says there would be no way the FEC would reach a decision before the May 19 primary.

Ann Eppard, Shuster's campaign manager, says Ruskin's assistance to Politis shows the power that outside forces are trying to wield to influence voters in Pennsylvania's 9th Congressional District.

"There is a growing frustration Doug felt that many Shuster people feel of these outsiders coming in and trying to seize an opponent's message," she says. "I don't think (the complaint) is frivolous, but if it is, the FEC will look at it and say it is frivolous."

Eppard also expresses concerns about Politis having yet to file any kind of disclosure forms with the FEC as is mandated by law.

"Somewhere along the line, voters in the 9th Congressional District will want to know who gives him money and who his supporters are," she says.

Politis says he has yet to reach the \$5,000 threshold to file.

Eppard also says Shuster is leaning toward running a write-in campaign for the Democratic nomination, something he has done seven times previously.

"Thanks to all of our Democratic supporters, that's probably where we will go," she says. "I can't see us not going down that road."

If Shuster is successful against Monte Kemmler in the Republican primary and successful with his write-in campaign for the Democratic nomination, then he will be unchallenged for the November election.

"They are doing whatever they can to knock me out," Politis says. "That way they wouldn't only be defeating an opponent, but also discrediting a vocal critic."

Congressional Accountability Project
1322 18th Street NW Suite 36
Washington, DC 20036
(202) 296-2787
fax (202) 833-2406

Attachment #2

February 28, 1996

Attorney General Janet Reno
United States Department of Justice
Main Justice Building
10th and Constitution Ave.
Room 5111
Washington, DC 20530

**RE: Call for Investigation into Possible Violations of Criminal Law
by Representative Bud Shuster and Ann Eppard**

Dear Attorney General Reno:

We are writing to request an investigation by the Department of Justice into possible violations of criminal law by Representative Elmer Greinert "Bud" Shuster (R-PA) and Ann Eppard. These charges are based on articles written by William Roberts for the *Journal of Commerce*, and Timothy Burger for *Roll Call*.

We request this inquiry because there is reason to believe that:

1. Representative Bud Shuster may have violated criminal prohibitions against the acceptance of illegal gratuities. 18 U.S.C. §201 prohibits seeking or receiving a thing of value for or because of an official act.
2. Ann Eppard may have violated criminal prohibitions against providing illegal gratuities to Representative Shuster. Ms. Eppard may also have violated the one-year post-employment prohibition against personal Congressional staff lobbying their former employer.

**A: The Complex Web of Legislative, Political, Financial, and
Personal Ties Between Lobbyist Ann Eppard and
Representative Bud Shuster**

For 22 years, Congressman Bud Shuster employed Ann Eppard as his top Congressional aide. Eppard left Shuster's Congressional payroll immediately after the November 1994 elections to become President of Ann Eppard Associates, Ltd., which is a lobbying firm that primarily

represents transportation interests before Chairman Shuster's Transportation & Infrastructure Committee

According to the *Journal of Commerce*, "Ann Eppard brought in more than \$600,000 in revenue from transportation clients in her first year as a lobbyist."¹ She has represented a long list of transportation-related clients before Chairman Shuster's committee, including Amtrak, Conrail, the Outdoor Advertisers Association of America, Frito-Lay Inc., Federal Express Corp., the American Road and Transportation Builders, Fastship Atlantic Inc., and the Ocean Common Carrier Coalition.

Articles in the *Journal of Commerce* and *Roll Call* have described how lobbyist Eppard and House Transportation & Infrastructure Committee Chairman Shuster have developed a complex interconnecting web of legislative, political, financial, and personal ties. Lobbyist Ann Eppard plays many important roles in Shuster's life, including:

- **Washington fundraiser and assistant treasurer for Shuster's Congressional re-election campaign.** According to the *Journal of Commerce*, Eppard "helped raise \$655,000 for Rep. Shuster in 1995."² Last year, Eppard stated that "I certainly am working hard to make sure that Bud Shuster has enough of a war chest so that anyone thinks seriously about challenging him."³ According to Timothy Burger of *Roll Call*, "Shuster's 1995 campaign disbursements included numerous payments to employees of Eppard's lobbying firm attributed to 'fund raising activity' -- suggesting Shuster's campaign fundraising is being handled largely out of a lobbying office whose main source of income is representing clients before Shuster."⁴ *Roll Call* reported that "Rep. Bud Shuster...acknowledged in a statement Thursday that his campaign is based in the home office of a lobbyist whose main business is representing clients before his committee."⁵ Eppard is paid \$3,000 per month by Shuster's campaign committee. Eppard signed in the treasurer's signature box for the Shuster for Congress Committee's January 31, 1996 Federal Election Commission report of receipts and disbursements

¹ William L. Roberts, "Lobbyist's '95 Revenue Could Top \$1 Million." *Journal of Commerce*, February 8, 1996.

² *Journal of Commerce*, February 8, 1996.

³ William L. Roberts, "Aide's Ties Raise Ethical Questions." *Journal of Commerce*, July 31, 1995.

⁴ Timothy J. Burger, "Transportation Chair Lodges With Ex-Aide Who Makes Six Figures Lobbying His Panel." *Roll Call*, February 8, 1996.

⁵ Timothy J. Burger, "Two Shusters Are Running for Congress, Both Aided by Fundraising Help of Lobbyist Eppard." *Roll Call*, February 12, 1996.

- **"Top political aide"**⁶ and political consultant to Shuster's Congressional campaign responsible for district affairs. A *Journal of Commerce* article stated that

Ms. Eppard plays a crucial role in [Shuster's] district affairs. In recent months, she represented Mr. Shuster on a local advisory committee on the closure of the Letterkenny Army Depot in his rural, central Pennsylvania district. She also interviewed candidates for county commissioner posts and advised Mr. Shuster on which candidates warrant his political backing.⁷

- **Chairman of the Bud Shuster Portrait Committee.** According to the *Journal of Commerce*, Eppard "organized a private fund-raiser to finance a portrait of the chairman, which has been ensconced in the committee's hearing room. Transportation-related associations and companies were asked to contribute primary funding."⁸ According to *Roll Call*, "sources said [that the portrait] cost more than \$40,000."⁹
- **Campaign manager and fundraiser for Shuster's son, Bob Shuster,** who is also running for Congress in Pennsylvania. According to *Roll Call*, "With Eppard's help, Bob Shuster has already raised more than \$100,000 for his fledgling campaign, much of it from the same transportation interests with business before his father's committee."¹⁰
- **"Liaison for special interests wanting Mr. Shuster to appear at Washington events,"**¹¹ according to the *Journal of Commerce*
- **Provider of housing** According to the *Wall Street Journal*, Shuster "has stayed at the lobbyist's home many times, he confirmed yesterday."¹² *Roll Call* reported that "Multiple Congressional and transportation industry sources told *Roll Call* that Shuster has been

⁶ *Roll Call*, February 8, 1996

⁷ *Journal of Commerce*, July 31, 1995

⁸ *Journal of Commerce*, February 8, 1996

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¹⁰ *Roll Call*, February 8, 1996. See also David Bauman, "Shuster Target of Unflattering Publicity." *Gannett News Service*, February 8, 1996

¹¹ *Journal of Commerce*, July 31, 1995

¹² Phil Kuntz, "Pennsylvania's Rep. Shuster Stayed at Home of Ex-Aide, Now a Lobbyist." *Wall Street Journal*, February 9, 1996

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regularly staying at Eppard's when he is in Washington....Eppard runs her flourishing lobbying company...out of the same Alexandria home where Shuster stays."¹³

- **De facto official staff person.** According to the *Journal of Commerce*, "Ms. Eppard also provided staff-like services to Rep. Shuster, acting as his driver to and from his office on Capitol Hill, a role she has played for many years."¹⁴

Shuster plays a similarly large role in Eppard's life:

- **Shuster implicitly recommended Eppard to potential lobbying clients.** *Roll Call* reported that:

Shuster, say other transportation lobbyists, has made it clear in industry circles how much he continues to value Eppard's counsel - and that, they insist, has helped Eppard's business.

At one dinner that Eppard helped organize after the 1994 elections, for example, Shuster told representatives from the air transportation industry a "lot of nice things about Ann. About how good she is and how well she knows the Hill," according to a source with knowledge of the event.¹⁵

B: Some of Eppard's Clientele Have Received Significant Legislative Benefits From Shuster and the House Transportation & Infrastructure Committee

On legislative matters, Ann Eppard has apparently produced significant benefits for some of her clients seeking action on transportation-related issues pending before Chairman Shuster's committee. Following is a list of some clients of Ann Eppard Associates, and the legislative outcomes they received:

- **Frito-Lay Inc.** According to the *Journal of Commerce*, Frito-Lay

hired Ms. Eppard to assist in marshaling through Congress a law directing the secretary of transportation to set up a regulatory relief program for midweight delivery trucks.

¹³ *Roll Call*, February 8, 1996

¹⁴ *Journal of Commerce*, February 8, 1996.

¹⁵ *Roll Call*, February 8, 1996

The proposal, introduced in the House Transportation and Infrastructure Committee by Rep. Bill Emerson, R-Mo., who also wanted to win relief for farm vehicles, became controversial when trucking safety proponents and DOT officials raised questions about its workability. The language was later narrowed to make it a pilot program that was ultimately enacted.¹⁶

Jim Drinkard of the *Associated Press* described these same developments in the *Memphis Commercial Appeal*:

Frustrated after a five-year effort to soften safety rules for medium-sized trucks, such industry giants as Frito-Lay and Federal Express Corp. turned to friends in the new Republican Congress for help.

And a quiet lobbying campaign aimed at the House Transportation Committee yielded in a few months what years of regulatory struggles had not: a waiver that could exempt service and delivery trucks from more than a dozen rules on the age and physical condition of drivers, on the number of hours they may drive and on paperwork for truck safety and maintenance.¹⁷

Mary Staples, a Frito-Lay lobbyist, told the *Wall Street Journal* about Ann Eppard Associates' lobbying performance on behalf of Frito-Lay: "We were satisfied; they did a great job."¹⁸

Frito-Lay Inc. paid Ann Eppard Associates at least \$10,000 in fees during 1995.¹⁹

• **Federal Express Corp.** According to the *Journal of Commerce*, Federal Express

was able to get a subcommittee hearing on U.S.-Japan bilateral aviation relations just as U.S. negotiators were dealing with their counterparts. A dispute had developed between FedEx and

¹⁶ William L. Roberts, "Eppard's Clients Win Some, Lose Some," *Journal of Commerce*, February 8, 1996. See also William L. Roberts, "Frito Hires Eppard to Lobby on Truck Rules," *Journal of Commerce*, November 9, 1995.

¹⁷ Jim Drinkard, "Firms Win Concession on Safety for Trucks," *The Commercial Appeal*, September 30, 1995.

¹⁸ *Wall Street Journal*, February 9, 1996.

¹⁹ "Eppard's Clients," *Journal of Commerce*, February 8, 1996.

Japanese officials over FedEx's plan to open cargo service between Tokyo and its new hub in the Philippines. The hearing in which lawmakers hinted at retaliatory action was little noticed in the United States, but was broadcast by television news channels in Japan.²⁰

At the hearing, Transportation & Infrastructure Committee Chairman Shuster said that "it is time for us to get tough"²¹ in the trade dispute with Japanese air cargo carriers.

Federal Express paid Ann Eppard Associates at least \$18,333 in fees during 1995.²²

- **Outdoor Advertisers Association of America.** According to the *Journal of Commerce*, they were

successful in winning a change to federal policy governing the placement of billboards along routes designated partially as scenic byways. Rep. Shuster dug in his heels during negotiations with the Senate on highway legislation to protect the language, which through a series of regulatory layers will have the effect of allowing more billboards than before.²³

Diane Steinle of the *St. Petersburg Times* described Chairman Shuster's efforts on behalf of the billboard industry:

the billboard industry has figured out that the best way to get legislation advancing billboards through Congress and state legislatures is to hide it. So this provision that would allow new billboards on scenic roads was hidden deep inside an 88-page bill designating the National Highway System.

The bill must be passed by late September to allocate billions of dollars in federal highway money. What better way to slide a billboard industry "gift" past legislators and Congress-watchers

²⁰ *Journal of Commerce*, February 8, 1996.

²¹ "Airlines Support Hard Line in Dispute with Japan as New Round of Talks Begins." *Bureau of National Affairs, Daily Report for Executives*, July 21, 1995.

²² *Journal of Commerce*, February 8, 1996.

²³ *Journal of Commerce*, February 8, 1996. See also William L. Roberts, "Billboard Rift Blots Landscape of Highway Spending Talks." *Journal of Commerce*, November 8, 1995.

than to attach it to a bill that must be passed quickly and is so long that people aren't likely to read it?

Behind this latest attempt is the illustrious Rep. Bud Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee.²⁴

The Outdoor Advertisers Association of America paid Ann Eppard Associates at least \$20,000 in fees during 1995.²⁵

- **Amtrak.** According to the *Journal of Commerce*,

Rep. Shuster worked hard to save Amtrak from a shut-off of federal funding sought by some within the House Republican Caucus. He delivered a reform-and-privatization bill to the House floor that gave Amtrak much of what it wanted to achieve a badly needed financial restructuring.²⁶

The *Washington Post* described a meeting among House Republicans on May 4, 1995, where Rep. Shuster objected to parts of Rep. John Kasich's (R-OH) plan to balance the federal budget.

When the public works section was presented, Bud Shuster (Pa.), chairman of the Transportation and Infrastructure Committee, countered Kasich's salesmanship with a threat. The proposal to phase out Amtrak and freeze mass transit projects was "a transportation disaster," Shuster said.²⁷

²⁴ Diane Steinle, "Washington Insider Aids Outdoor Advertisers." *St. Petersburg Times*, September 13, 1995

²⁵ *Journal of Commerce*, February 8, 1996

²⁶ *Journal of Commerce*, February 8, 1996

²⁷ David Maraniss and Michael Weisskopf, "Coaxing GOP Factions to Toe the Budget Line." *Washington Post*, May 26, 1995

The *BNA Daily Labor Report* quoted Amtrak spokesman Clifford Black saying that Amtrak was "delighted" with the House's passage of the Amtrak Reform and Privatization Act, which was "crafted by Rep. Bud Shuster and Rep. Susan Molinari."²⁸

Amtrak paid Ann Eppard Associates \$100,000 in fees during 1995.²⁹

C: Ann Eppard May Have Violated Congressional Post-Employment Restrictions on Lobbying

The Ethics Reform Act of 1989 established a series of post-employment restrictions for members of Congress and Congressional staff. These restrictions prohibit former personal staff - like Ann Eppard -- from lobbying their employer for a one-year period following the end of their Congressional employment. 18 U.S.C. §207(e)(2) states that:

(A) Any Person who is an employee of a Senator or an employee of a Member of the House of Representatives and who, within 1 year after the termination of that employment, knowingly makes, with the intent to influence, any communication or appearance before any of the persons described in subparagraph (B), on behalf of any other person (except the United States) in connection with any matter on which such employee seeks action by a Member, officer, or employee of either House of Congress, in his or her official capacity, shall be punished as provided in section 216 of this title

(B) The persons referred to in subparagraph (A) with respect to appearances or communications by a person who is a former employee are the following

- (i) the Senator or Member of the House of Representatives for whom that person was an employee; and
- (ii) any employee of that Senator or Member of the House of Representatives.

During the period when Eppard was prohibited from lobbying Chairman Shuster, the *Journal of Commerce* noted Eppard's frequent presence in Shuster's office. According to William Roberts, Eppard enjoys

²⁸ "House Approved Amtrak Reform Bill That Would Change Labor Provisions." *Bureau of National Affairs, Inc. Daily Labor Report*, December 1, 1995.

²⁹ *Journal of Commerce*, February 8, 1996.

unparalleled access to the Chairman....Ms. Eppard is often in Mr. Shuster's Capitol Hill office....She is often seen entering or leaving his offices almost daily when Congress is in session.³⁰

Did Eppard abide by the one-year prohibition against lobbying Representative Shuster? The *Journal of Commerce* reported a troubling meeting in Shuster's office last year, at a time when the one-year prohibition was in effect.

When the House Transportation and Infrastructure Committee passed the Ocean Shipping Reform Act of 1995...Chairman Bud Shuster, R-Pa., was in a back committee room meeting with Ann M. Eppard, a top political aide who is also a lobbyist for ocean shipping lines....

[Eppard] is among a group of lobbyists retained by the Ocean Common Carriers Coalition, a group composed largely of U.S. ship lines, which favors the ocean shipping deregulation bill that would eliminate the Federal Maritime Commission by October 1997.³¹

Representative Shuster's frequent presence as an overnight guest in Eppard's home -- which also houses her lobbying business, as well as Eppard's frequent presence within Shuster's Congressional offices, and her excellent access to Shuster, calls into question whether Eppard obeyed the one-year ban against lobbying Shuster.

D: Call for Investigation into Whether Shuster and Eppard Violated Criminal Laws Prohibiting the Solicitation and Acceptance of Illegal Gratuities

Given the extensive interweaving of legislative, political, financial, and personal interests between Rep. Shuster and lobbyist Eppard, and their unusual mutual support efforts for one another, as documented in the *Journal of Commerce* and *Roll Call* articles, there is sufficient evidence to call into question whether Representative Bud Shuster and Ann Eppard have conformed their conduct to the letter of the law. In particular, we are concerned that section 201 of the U.S. Criminal Code has been triggered by their activities.

³⁰ *Journal of Commerce*, July 31, 1995.

³¹ William L. Roberts, "Aide-Lobbyist Meets With Shuster as Panel Votes on Shipping Bill." *Journal of Commerce*, August 7, 1995. See also William L. Roberts, "Eppard Defends Ethics of Shuster Meeting." *Journal of Commerce*, August 14, 1995.

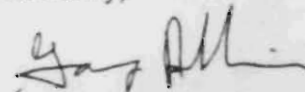
18 U.S.C. §201 states that it is a crime for a federal official to "directly or indirectly, corruptly" receive or solicit "anything of value personally or for any other person or entity, in return for...being influenced in the performance of any official act." Criminal law on illegal gratuities, 18 U.S.C. §201, prohibits a federal official from directly or indirectly soliciting or receiving anything of value other than "as provided by law...for or because of any official act performed or to be performed."

Such explicit exchanges of favors for legislative action, or in gratitude for official action have not been documented to date in this case. But the remarkable symbiotic network that Eppard and Shuster operated on each other's behalf raises the clear likelihood -- and provides substantial circumstantial evidence to support the conclusion -- that section 201 may have been triggered. We strongly encourage the Department of Justice to undertake a vigorous investigation to determine whether such violations did, in fact, occur.

E: Conclusion

We urge the Department of Justice to initiate an investigation into the interconnected mutual network of favors, benefits, and interests enjoyed by Representative Bud Shuster and Ann Eppard to determine whether criminal laws were violated. We believe that the strong circumstantial evidence indicating that such violations of law may have occurred clearly warrants such an investigation.

Sincerely,



Gary Ruskin
Director

Bedford Gazette

5/6/98

Politis cited in complaint to FEC

By Kevin Bruner
Gazette Managing Editor
A Chambersburg man has filed
a complaint with the Federal
Election Commission charging a
Democratic candidate challenging a
Congressman Bud Shuster this
primary with breaking election
laws.

The complaint was filed April
27 by Douglas P. Harbach and
cited Paul Politis, 49, of
McConnellsburg with violating
federal election laws for accepting
aid from the Congressional
Accountability Project, a 503C.

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non-profit corporation.

The non-profit government watchdog group has asked that ethics charges be filed against Shuster, who is now being investigated by the House Ethics Committee as a result.

Harbach filed a complaint in March against Politis' nominating petitions, which reduced his campaign to write-in status after Politis was forced to withdraw his petitions to be on the ballot. Politis said at the time he couldn't afford to defend his petitions in court but admitted copying signatures from one petition to another and misrepresenting himself before a

notary to save time.

In the latest charges, Harbach told the FEC that Politis was aided by the Congressional Accountability Project when the group turned over their original complaint on Shuster to Politis and numerous articles concerning the charges against Shuster.

"The (group) has made an illegal corporate contribution to the congressional campaign of Democrat Paul Politis," Harbach said in his letter to the FEC. "Congressional Accountability Project staffer Gary Ruskin met with Politis and aided his campaign by providing him with information about Politis' political opponent, Shuster."

Harbach claims Politis should have reported the services rendered as a campaign contribution and that the non-profit group should have registered as a political committee because they aided Politis.

Shuster campaign assistant treasurer Ann Eppard agreed.

"If Doug Harbach filed something with the FEC, great," Eppard said Tuesday. "That's a system that works."

She said Gary Ruskin "portrays himself as someone who is very ethical. Why doesn't he open his books ... who contributes to Gary Ruskin?"

Ruskin's group was part of the "outside forces that want to take

deral Election Commission. . .

(Shuster) down.

"If Gary Ruskin got involved in the campaign ... we've always said national forces would come to play," Eppard said.

"We do get a lot of complaints in an election year," said FEC spokeswoman Kelly Huff, adding that the current charges alleged against Politis were under review and would be investigated as soon as possible, based on how serious they seemed to be. "Anybody can file a complaint."

"The fact that he is attempting to file this is ridiculous enough to be news," Politis said.

The candidate said he requested information on Shuster from the

group during a recent trip to Washington, D.C. "I was curious to see the full report on Shuster."

The group normally provides the public with similar information, Politis said, why should he be any different?

"The whole thing is ridiculous," he said. "The whole campaign (Shuster's) been running is basically lawyers."

The Shuster campaign has targeted Politis because he has been a critic of the congressman for years, Politis said.

"I've been a vocal critic of Shuster's for a few years," he said. "He's taken the opportunity (during the campaign) to discredit me

as a critic for the future."

Shuster, a Republican from Everett, plans to mount a write-in campaign for the Democratic nomination in the 9th Congressional District, Eppard said. "We are going to do a write-in campaign. We are looking for volunteers ... we're seeing a lot of external and outside forces."

"A write-in campaign is difficult," Politis said of his own campaign. "Shuster will hand out stickers, I'm sure" with his name on them that can be pasted onto ballots.

Monte Kemmler, of Newton-Hamilton, is challenging Shuster for the Republican nomination.

Congressional Accountability Project
1611 Connecticut Ave. Suite 3A
Washington, DC 20009
(202) 296-2787
fax (202) 833-2406

Attachment #3

September 5, 1996

Honorable Nancy Johnson
Chairwoman
House Committee on Standards of Official Conduct
HT-2, The Capitol
U. S. House of Representatives
Washington, DC 20515

**RE: Ethics Complaint Against Representative Bud Shuster and Call
for Investigation into Possible Violations of Criminal Law and
House Rules**

Dear Chairwoman Johnson:

This letter constitutes a formal ethics complaint against House Transportation & Infrastructure Committee Chairman Elmer Greinert "Bud" Shuster (R-PA) and a call for an outside counsel investigation into whether Representative Shuster violated criminal prohibitions against the acceptance of illegal gratuities, as well as House Rules. These charges arise from the complex relationship between Representative Shuster and lobbyist Ann Eppard, and Rep. Shuster's interventions with federal agencies on behalf of a business partner of his sons.

We are writing pursuant to House Rule 10, which authorizes the House Committee on Standards of Official Conduct to investigate "any alleged violation, by a member, officer or employee of the House, of the Code of Official Conduct or of any law, rule, regulation or standard of conduct applicable to the conduct of such member, officer, or employee in the performance of his duties or the discharge of his responsibilities."

The Congressional Accountability Project sent a letter to U. S. Attorney General Janet Reno on February 28, 1996 urging the Department of Justice to investigate many of these charges, as well as the appearance that Ann Eppard may have violated the one-year post-employment prohibition against personal staff lobbying their former employer.¹

We believe the Ethics Committee must respond to the enormous public appearance problem arising from the tangled web of legislative, political, financial, and personal ties between

¹ See Attachment #1, which includes the February 28, 1996 Congressional Accountability Project letter to Attorney General Janet Reno. William L. Roberts, "Congressional Watchdog Group Calls for Investigation of Shuster, Eppard." *Journal of Commerce*, February 28, 1996. Timothy J. Burger, "Justice Dept. Reviews Shuster Charges." *Roll Call*, February 29, 1996.

Representative Shuster and lobbyist Ann Eppard. This unseemly relationship between Representative Shuster and Eppard has become a serious threat to the integrity of the legislative process. Public confidence in the Congress and the legislative process is low, and is vulnerable to appearances that particular lobbyists are able to obtain special legislative favors for their clients which are unavailable to most citizens.

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² William L. Roberts, "Lobbyist's '95 Revenue Could Top \$1 Million." *Journal of Commerce*, February 8, 1996. See Attachment #2.

³ *Journal of Commerce*, February 8, 1996.

⁴ William L. Roberts, "Aide's Ties Raise Ethical Questions." *Journal of Commerce*, July 31, 1995. See Attachment #3.

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handled largely out of a lobbying office whose main source of income is representing clients before Shuster."⁵ *Roll Call* reported that "Rep. Bud Shuster...acknowledged in a statement Thursday that his campaign is based in the home office of a lobbyist whose main business is representing clients before his committee."⁶ Eppard is paid \$3,000 per month by Shuster's campaign committee. Eppard signed in the treasurer's signature box for the Shuster for Congress Committee's January 31, 1996 Federal Election Commission report of receipts and disbursements.

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- **Press aide for Rep. Shuster's Congressional office.** A *Roll Call* editorial on May 2, 1996 noted that, instead of responding directly to press calls to regarding official favors to businessman Maurice Lawruk, Rep. Shuster's Congressional "office referred calls by other news organizations to Eppard. So now a lobbyist whose business depends on her ability to influence the outcome of actions in Shuster's committee is the official spokesperson defending him."⁹

⁵ See Attachment #4, which includes Timothy J. Burger, "Transportation Chair Lodges With Ex-Aide Who Makes Six Figures Lobbying His Panel," *Roll Call*, February 8, 1996. "Investigate Shuster." Editorial, *Roll Call*, February 12, 1996. Karen Tumulty, "The Ties That Bind," *Time*, February 26, 1996. Jill Abramson, "Emergence of Single-Member Lobbying Raises Fresh Concerns in Post-Packwood Washington," *Wall Street Journal*, September 20, 1995. "Dynamic Duo." Editorial, *New York Times*, March 16, 1996. William L. Roberts, "Lawmaker, Lobbyist Ties Under Scrutiny," *Journal of Commerce*, February 12, 1996. "Shuster & Ethics." Editorial, *Roll Call*, February 22, 1996.

⁶ Timothy J. Burger, "Two Shusters Are Running for Congress, Both Aided by Fundraising Help of Lobbyist Eppard," *Roll Call*, February 12, 1996. See Attachment #5.

⁷ *Roll Call*, February 8, 1996.

⁸ *Journal of Commerce*, July 31, 1995.

⁹ "Shuster, Inc." Editorial, *Roll Call*, May 2, 1996. See Attachment #6.

- **Chairman of the Bud Shuster Portrait Committee.** According to the *Journal of Commerce*, Eppard "organized a private fund-raiser to finance a portrait of the chairman, which has been ensconced in the committee's hearing room. Transportation-related associations and companies were asked to contribute primary funding."¹⁰ According to *Roll Call*, "sources said [that the portrait] cost more than \$40,000."¹¹
 - **Campaign aide and fundraiser for Shuster's son, Bob Shuster,** who ran for Congress in the 1996 Pennsylvania Republican primaries. According to *Roll Call*, "With Eppard's help, Bob Shuster has already raised more than \$100,000 for his fledgling campaign, much of it from the same transportation interests with business before his father's committee."¹²
 - **"Liaison for special interests wanting Mr. Shuster to appear at Washington events,"**¹³ according to the *Journal of Commerce*.
 - **Provider of housing.** According to the *Wall Street Journal*, Shuster "has stayed at the lobbyist's home many times, he confirmed yesterday."¹⁴ *Roll Call* reported that "Multiple Congressional and transportation industry sources told Roll Call that Shuster has been regularly staying at Eppard's when he is in Washington....Eppard runs her flourishing lobbying company...out of the same Alexandria home where Shuster stays."¹⁵
 - **De facto official staff person.** According to the *Journal of Commerce*, "Ms. Eppard also provided staff-like services to Rep. Shuster, acting as his driver to and from his office on Capitol Hill, a role she has played for many years."¹⁶
- Shuster plays a similarly large role in Eppard's life:
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¹⁰ *Journal of Commerce*, February 8, 1996.

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¹³ *Journal of Commerce*, July 31, 1995.

¹⁴ Phil Kuntz, "Pennsylvania's Rep. Shuster Stayed at Home of Ex-Aide, Now a Lobbyist," *Wall Street Journal*, February 9, 1996. See Attachment #7.

¹⁵ *Roll Call*, February 8, 1996.

¹⁶ *Journal of Commerce*, February 8, 1996.

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Shuster, say other transportation lobbyists, has made it clear in industry circles how much he continues to value Eppard's counsel -- and that, they insist, has helped Eppard's business.

At one dinner that Eppard helped organize after the 1994 elections, for example, Shuster told representatives from the air transportation industry a "lot of nice things about Ann. About how good she is and how well she knows the Hill," according to a source with knowledge of the event....¹⁷

B: Call for Investigation of Whether Shuster Violated House Gift Rules

According to the *Roll Call* and *Wall Street Journal* articles, Rep. Shuster has often been staying overnight at Eppard's \$823,000 Virginia waterfront house. If Rep. Shuster has not been paying rent for the fair market value of the accommodations she has provided, then he may have violated House gift rules. The previous House gift rule, in effect until December 31, 1995, prohibited members of Congress from accepting gifts of more than \$250, "except to the extent permitted by written waiver granted in exceptional circumstances by the Committee on Standards of Official Conduct..."¹⁸

Furthermore, the House Ethics Manual states that:

no Member, officer, or employee may accept more than 30 days of personal hospitality in a calendar year without a prior written waiver from the Committee.¹⁹

House Rule 10 prohibits the Ethics Committee from issuing retroactive waivers.²⁰ Consequently, if Rep. Shuster has received personal hospitality for more than 30 days in any calendar year before December 31, 1995, and if he neither received a formal waiver nor paid rent to Ms. Eppard, he may have violated the old gift rule.

¹⁷ *Roll Call*, February 8, 1996.

¹⁸ House Rule 43, Clause 4.

¹⁹ House Ethics Manual at 29.

²⁰ House Rule 10, Clause 4(e)(1)(D).

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The new gift rule, effective January 1, 1996, prevents House members from receiving many types of gifts from lobbyists. Even though Ms. Eppard may qualify for the "personal friendship" exemption to the gift rule, there is still a prohibition against Members accepting:

a gift the value of which exceeds \$250 on the basis of personal friendship exemption...unless the Committee on Standards of Official Conduct issues a written determination that such exception applies.²¹

Given the high price of lodging in and around the District of Columbia, the value of the lodging provided to Rep. Shuster by Ms. Eppard surely exceeds the \$250 limit on gifts from personal friends. That likely places Rep. Shuster in violation of the House Rule 52, unless he has paid rent to Ms. Eppard, or received a prior formal waiver from the Committee on Standards of Official Conduct. In a letter to Rep. Shuster, the Ethics Committee noted that:

The Committee has a long established policy of waiving the limits of the gift rule "in the case of individuals who have a long-standing personal or social relationship with the Member or employee, where it is clear that it is those relationships that are the motivating factor of the gifts, rather than the fact of the individual's office or position in Congress." If your relationship meets these criteria, the Committee would determine that you may accept gifts exceeding \$250 in value from Ms. Eppard, under the personal friendship exception to the gift rule. The rule requires the donee to seek the Committee's written approval prior to accepting gifts exceeding \$250.00.²²

To our knowledge, no such formal waiver or written opinion has been given to Rep. Shuster from the House Committee on Standards of Official Conduct regarding whether he may lodge with Ms. Eppard.

²¹ House Rule 52, sec. 1(e)

²² From "Questions asked by Congressman Bud Shuster," which is attached to Correspondence from House Committee on Standards of Official Conduct Chairman Nancy L. Johnson and Ranking Democratic Member Jim McDermott to Rep. Bud Shuster, June 13, 1996. The interior quote is House Bipartisan Task Force on Ethics, Report on H.R. 3660, 101st Cong., 1st Sess., 135 Cong. Rec. H9255 (daily ed. Nov. 21, 1989). Attachment #8 also includes William Roberts, "House GOP Pushes Ethics Clearance for Shuster." *Journal of Commerce*, June 13, 1996. Damon Chappie and Juliet Eilperin, "Ethics Spars Over Plan to Clear Rep. Shuster." *Roll Call*, June 13, 1996. "D'Amato & Shuster." Editorial, *Roll Call*, June 13, 1996. Juliet Eilperin, "Unusual Ethics Letter Suggests He Needed Waivers." *Roll Call*, June 17, 1996. William Roberts, "Ethics Hands Shuster Neutral Letter." *Journal of Commerce*, June 18, 1996.

Finally, on the issue of gifts, the House Code of Official Conduct states that:

A Member, officer, or employee of the House of Representatives shall receive no compensation nor shall he permit any compensation to accrue to his beneficial interest from any source, the receipt of which would occur by virtue of influence improperly exerted from his position in Congress.²³

C: Some of Eppard's Clientele Have Received Significant Legislative Benefits From Chairman Shuster and the House Transportation & Infrastructure Committee

On legislative matters, Ann Eppard has apparently produced significant benefits for some of her clients seeking action on transportation-related issues pending before Chairman Shuster's committee. Following is a list of some clients of Ann Eppard Associates, and the legislative outcomes they received:

● **Frito-Lay Inc.** According to the *Journal of Commerce*, Frito-Lay

hired Ms. Eppard to assist in marshaling through Congress a law directing the secretary of transportation to set up a regulatory relief program for midweight delivery trucks.

The proposal, introduced in the House Transportation and Infrastructure Committee by Rep. Bill Emerson, R-Mo., who also wanted to win relief for farm vehicles, became controversial when trucking safety proponents and DOT officials raised questions about its workability. The language was later narrowed to make it a pilot program that was ultimately enacted.²⁴

Jim Drinkard of the *Associated Press* described these same developments in the *Memphis Commercial Appeal*:

Frustrated after a five-year effort to soften safety rules for medium-sized trucks, such industry giants as Frito-Lay and Federal Express Corp. turned to friends in the new Republican Congress for help.

²³ House Rule 13, clause 3.

²⁴ See Attachment #9 which includes William L. Roberts, "Eppard's Clients Win Some, Lose Some." *Journal of Commerce*, February 8, 1996. William L. Roberts, "Frito Hires Eppard to Lobby on Truck Rules." *Journal of Commerce*, November 9, 1995.

And a quiet lobbying campaign aimed at the House Transportation Committee yielded in a few months what years of regulatory struggles had not: a waiver that could exempt service and delivery trucks from more than a dozen rules on the age and physical condition of drivers, on the number of hours they may drive and on paperwork for truck safety and maintenance.²⁵

Mary Staples, a Frito-Lay lobbyist, told the *Wall Street Journal* about Ann Eppard Associates' lobbying performance on behalf of Frito-Lay: "We were satisfied; they did a great job."²⁶

Frito-Lay Inc. paid Ann Eppard Associates at least \$10,000 in fees during 1995.²⁷

● **Federal Express Corp.** According to the *Journal of Commerce*, Federal Express

was able to get a subcommittee hearing on U.S.-Japan bilateral aviation relations just as U.S. negotiators were dealing with their counterparts. A dispute had developed between FedEx and Japanese officials over FedEx's plan to open cargo service between Tokyo and its new hub in the Philippines. The hearing in which lawmakers hinted at retaliatory action was little noticed in the United States, but was broadcast by television news channels in Japan.²⁸

At the hearing, Transportation & Infrastructure Committee Chairman Shuster said that "it is time for us to get tough"²⁹ in the trade dispute with Japanese air cargo carriers.

Federal Express paid Ann Eppard Associates at least \$18,333 in fees during 1995.³⁰

²⁵ Jim Drinkard, "Firms Win Concession on Safety for Trucks." *The Commercial Appeal*, September 30, 1995. See Attachment #10.

²⁶ *Wall Street Journal*, February 9, 1996.

²⁷ "Eppard's Clients." *Journal of Commerce*, February 8, 1996.

²⁸ *Journal of Commerce*, February 8, 1996. See also Attachment #11, which includes William Roberts, "Republican Strategy for FedEx Falls Flat." *Journal of Commerce*, May 29, 1996.

²⁹ "Airlines Support Hard Line in Dispute with Japan as New Round of Talks Begins." *Bureau of National Affairs, Daily Report for Executives*, July 21, 1995. See Attachment #12.

³⁰ *Journal of Commerce*, February 8, 1996.

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- **Outdoor Advertisers Association of America.** According to the *Journal of Commerce*, they were

successful in winning a change to federal policy governing the placement of billboards along routes designated partially as scenic byways. Rep. Shuster dug in his heels during negotiations with the Senate on highway legislation to protect the language, which through a series of regulatory layers will have the effect of allowing more billboards than before.³¹

Diane Steinle of the *St. Petersburg Times* described Chairman Shuster's efforts on behalf of the billboard industry:

the billboard industry has figured out that the best way to get legislation advancing billboards through Congress and state legislatures is to hide it. So this provision that would allow new billboards on scenic roads was hidden deep inside an 88-page bill designating the National Highway System.

The bill must be passed by late September to allocate billions of dollars in federal highway money. What better way to slide a billboard industry "gift" past legislators and Congress-watchers than to attach it to a bill that must be passed quickly and is so long that people aren't likely to read it?

Behind this latest attempt is the illustrious Rep. Bud Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee.³²

The Outdoor Advertisers Association of America paid Ann Eppard Associates at least \$20,000 in fees during 1995.³³

- **Amtrak.** According to the *Journal of Commerce*,

³¹ *Journal of Commerce*, February 8, 1996. See also Attachment #13 which includes William L. Roberts, "Billboard Rift Blots Landscape of Highway Spending Talks." *Journal of Commerce*, November 8, 1995.

³² Diane Steinle, "Washington Insider Aids Outdoor Advertisers." *St. Petersburg Times*, September 13, 1995. See Attachment #14.

³³ *Journal of Commerce*, February 8, 1996.

Rep. Shuster worked hard to save Amtrak from a shut-off of federal funding sought by some within the House Republican Caucus. He delivered a reform-and-privatization bill to the House floor that gave Amtrak much of what it wanted to achieve a badly needed financial restructuring.³⁴

The *Washington Post* described a meeting among House Republicans on May 4, 1995, where Rep. Shuster objected to parts of Rep. John Kasich's (R-OH) plan to balance the federal budget.

When the public works section was presented, Bud Shuster (Pa.), chairman of the Transportation and Infrastructure Committee, countered Kasich's salesmanship with a threat. The proposal to phase out Amtrak and freeze mass transit projects was "a transportation disaster," Shuster said.³⁵

The *BNA Daily Labor Report* quoted Amtrak spokesman Clifford Black saying that Amtrak was "delighted" with the House's passage of the Amtrak Reform and Privatization Act, which was "crafted by Rep. Bud Shuster and Rep. Susan Molinari."³⁶

Amtrak paid Ann Eppard Associates \$100,000 in fees during 1995.³⁷

D: Call for Investigation into Whether Shuster and Eppard Violated Criminal Laws Prohibiting the Solicitation and Acceptance of Illegal Gratuities

Given the extensive interweaving of legislative, political, financial, and personal interests between Rep. Shuster and lobbyist Eppard, and their unusual mutual support efforts for one another, as documented in the *Journal of Commerce* and *Roll Call* articles, there is sufficient evidence to call into question whether Representative Bud Shuster and Ann Eppard have conformed their conduct to the letter of the law. In particular, we are concerned that section 201 of the U.S. Criminal Code has been triggered by their activities.

³⁴ *Journal of Commerce*, February 8, 1996.

³⁵ David Maraniss and Michael Weisskopf, "Coaxing GOP Factions to Toe the Budget Line." *Washington Post*, May 26, 1995. See Attachment #15.

³⁶ "House Approved Amtrak Reform Bill That Would Change Labor Provisions." *Bureau of National Affairs, Inc. Daily Labor Report*, December 1, 1995. See Attachment #16.

³⁷ *Journal of Commerce*, February 8, 1996.

House Rule 10 authorizes the Ethics Committee to "investigate...any alleged violation, by a Member, officer, or employee of the House, of the Code of Official Conduct or of any law, rule, regulation, or other standard of conduct applicable to the conduct of such Member..." We request that the Ethics Committee conduct a preliminary inquiry into whether illegal gratuities were exchanged, and, if necessary, to forward the relevant findings to the Justice Department.

18 U.S.C. §201 states that it is a crime for a federal official to "directly or indirectly, corruptly" receive or solicit "anything of value personally or for any other person or entity, in return for...being influenced in the performance of any official act." Criminal law on illegal gratuities, 18 U.S.C. §201, prohibits a federal official from directly or indirectly soliciting or receiving anything of value other than "as provided by law...for or because of any official act performed or to be performed."

The remarkable symbiotic network that Eppard and Shuster operated on each other's behalf raises the clear likelihood -- and provides substantial circumstantial evidence to support the conclusion -- that section 201 may have been triggered. We strongly encourage the Ethics Committee to undertake a vigorous investigation to determine whether such violations did occur.

E: Rep. Shuster Intervened With Two Federal Agencies On Behalf of Maurice Lawruk, Who is a Business Partner of Rep. Shuster's Sons

The House Ethics Manual cautions House Members against improperly intervening with federal agencies on behalf of campaign contributors or others who have provided special favors or benefits to members of Congress. The Ethics Manual quotes with approval the following passage from the Investigation of Senator Alan Cranston, regarding the Keating Five matter:

The cardinal principle governing Senators' conduct in this area is that a Senator and a Senator's office should make decisions about whether to intervene with executive branch or independent agencies on behalf of an individual without regard to whether the individual has contributed, or promised to contribute, to the Senator's campaign or other causes in which he or she has a financial, political, or personal interest...

Because Senators occupy a position of public trust, every Senator must always endeavor to avoid the appearance that the Senator, the Senate, or the governmental process may be influenced by campaign contributions or other benefits provided by those with significant legislative or governmental interests.³⁸

³⁸ House Ethics Manual at 250-251 quoting the Senate Select Committee on Ethics, Investigation of Senator Alan Cranston, S. Rep. No. 102-223, 102d Cong., 1st Sess. 11-12 (1991).

Rep. Shuster may have violated this standard of conduct by intervening with two federal agencies on behalf of businessman Maurice Lawruk. Timothy Burger of *Roll Call* wrote on April 29, 1996:

Rep. Bud Shuster (R-Pa) helped a family friend win a \$3 million contract with the Department of Housing and Urban Development, then twice intervened with the executive branch in an effort to save the real estate developer \$350,000 in labor costs.

Even as Shuster's official actions aided Altoona businessman Maurice Lawruk...the multimillionaire in 1990 became a financial backer of a new car dealership. His partners in that enterprise: Shuster's sons.³⁹

The April 29 *Roll Call* article describes the following series of events:

On August 31, 1990, Lawruk signed on the dotted line as "guarantor" of a lease for the newly christened Shuster Chrysler, risking his own money for the five-year, \$260,000 lease....

William Shuster became the president of the dealership. His brother Robert...is the vice president.

Lawruk is listed on official documents as secretary and treasurer of the dealership.

Less than two months later, Rep. Shuster urged then-Housing and Urban Development Secretary Jack Kemp to exempt Lawruk's construction at the Penn-Alto Hotel from the Davis-Bacon Act, which requires the payment of "prevailing wages." According to *Roll Call*, Shuster wrote to Kemp on October 12, 1990:

"I am writing to you today on behalf of Maurice A. Lawruk Builders, Inc...it is my belief that the Davis-Bacon Act does not apply to the Penn Alto Hotel project...I would urge you to review this matter as quickly as possible [and] would appreciate your giving all possible consideration to this request...."

Rep. Shuster wrote a similar letter to then-Secretary of Labor Lynn Martin on March 21, 1991. Handwritten at the bottom of that letter from Rep. Shuster to Secretary Martin were the words "please help."

³⁹ Timothy J. Burger, "Shuster Intervened for Sons' Business Partner." *Roll Call*, April 29, 1996. See Attachment #17.

These interventions on behalf of Maurice Lawruk may well violate the standards of conduct preventing Rep. Shuster from intervening with federal agencies on behalf persons who have provided special favors or benefits to him.

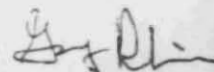
Finally, the Ethics Committee should determine what benefits from the Shuster Chrysler dealership have inured to Rep. Shuster. Rep. Shuster may well be a co-beneficiary of the Shuster Chrysler dealership. If so, then any interventions made by Rep. Shuster on behalf of Lawruk must be seen in this light.

F: Conclusion

The complex network of interests shared and fostered between House Transportation & Infrastructure Committee Chairman Bud Shuster and lobbyist Ann Eppard bears a close resemblance to the disturbing alliance between ex-Senate Finance Committee Chairman Bob Packwood and lobbyist Ronald Crawford. Such close-knit symbiotic entanglements between a member of Congress and a lobbyist inevitably bring shame upon the Congress. These unseemly alliances between a member of Congress and a lobbyist lead to the appearance that those wealthy enough to pay the pricey fees of top lobbyists may receive special legislative favors or benefits. But the majority of Americans -- who cannot afford to hire such lobbyists -- cannot affect the legislative process in a similar fashion.

The Ethics Committee should immediately appoint an outside counsel who can disentangle the interconnected mutual network of favors, benefits, and interests enjoyed by Representative Bud Shuster and Ann Eppard to determine whether criminal laws and House Rules were violated. We believe that the strong circumstantial evidence indicating that such violations of law may have occurred clearly warrants such an investigation. Anything less than a vigorous investigation pursued by an outside counsel will further strain the credibility of the Ethics Committee, and further erode the public's trust in the House ethics process.

Sincerely,



Gary Ruskin
Director




731-73

Certificate of Service

This is to certify that I have today, by hand delivery, provided an exact copy of this complaint to the Respondent in this matter, Representative E. G. "Bud" Shuster, at the following address:

Representative Elmer Greinert "Bud" Shuster
2188 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515


Gary Ruskin
Complainant



7-31-93

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Congressional Accountability Project
1611 Connecticut Ave. Suite #3A
Washington, DC 20009
(202) 296-2787
fax (202) 833-2406

Attachment #4

October 8, 1997

Honorable James Hansen, Chairman
Honorable Howard Berman, Ranking Member
House Committee on Standards of Official Conduct
HT-2, The Capitol
U. S. House of Representatives
Washington, DC 20515

**RE: Request to Amend an Ethics Complaint Against
Representative Bud Shuster**

Dear Representatives Hansen and Berman:

This letter constitutes a formal request to amend the Congressional Accountability Project's September 5, 1996 ethics complaint against House Transportation Committee Chairman Elmer Greinert "Bud" Shuster (R-PA). We wish to append news accounts of Chairman Shuster's dubious practice of holding joint official fact-finding and campaign fundraising activities.

This amendment is pursuant to House Rule 10, which authorizes the House Committee on Standards of Official Conduct ("Ethics Committee") to investigate "any alleged violation, by a Member, officer or employee of the House, of the Code of Official Conduct or of any law, rule, regulation or standard of conduct applicable to the conduct of such Member, officer, or employee in the performance of his duties or the discharge of his responsibilities."

This letter also contains a formal request that the Ethics Committee prepare a new House Rule codifying House Ethics Manual warnings against linking campaign contributions with official actions.

**A: House Transportation and Infrastructure Committee
Chairman Shuster Has Repeatedly Linked Official Fact-
Finding with Campaign Fundraising**

On October 31, 1996, *Roll Call* revealed that several of Chairman Shuster's campaign fundraising events were closely linked -- in time, proximity, and substance -- to official fact-finding expeditions to evaluate possible federal financing of transportation projects. For example, in Frederick, Maryland:

Desperate to link two interstate highways together and relieve traffic through their historic business district, town leaders here did

the only thing they believed would get the attention of House Transportation and Infrastructure Chairman Bud Shuster (R-Pa).

They held a fundraiser for his re-election.

"We were trying to be a squeaky wheel. We did everything we could think of to get the attentions of the powers who make these decisions," said Carolyn Barranca, a Frederick businesswoman who helped to organize last week's event....

Like the Frederick fundraiser and helicopter tour, at most stops Shuster mixes an official inspection of transportation needs with events benefitting his campaign war chest....

[In Frederick,] people talked quite bluntly about Shuster's visit. "It's the same reason you go to visit your mother-in-law," said a Frederick businessman who didn't want his name used. "You don't like to do it, but it keeps things smooth."¹

The *Frederick News-Post* described Rep. Shuster's visit to Maryland:

[Shuster] toured Frederick in Mayor Jim Grimes' helicopter Friday morning to see the traffic problems created by the poor connection between I-70 and I-270.

But the tour did not begin until after a fund-raiser for Mr. Shuster at the City Club organized by the Frederick Area Committee for Transportation (FACT), a private, non-profit organization that lobbies for transportation.²

In the fundraising solicitation letter from the Frederick Area Committee for Transportation, the fundraiser is clearly linked to a plea for official action:

Chairman Shuster is visiting Frederick at the request of the Frederick Area Committee for Transportation, Inc. (FACT), to review first-hand our transportation improvement needs. This will be a rare opportunity for you and your associates to demonstrate to

¹ Damon Chappie, "Transportation Chairman Hits Road To Scare Up Campaign Contributions," *Roll Call*, October 31, 1996. Attachment #1 also includes "Toll Road," editorial, *Roll Call*, October 31, 1996.

² Matthew Barakat, "Shuster Visit Raises Funds, Eyebrows," *Frederick News-Post*, October 26, 1996. See Attachment #2.

Congress' most influential transportation supporter how our area's phenomenal growth and future potential are facing unfortunate constraints.

....We hope you will join us to discuss with Chairman Shuster our needs and plans for making Frederick second to none in the critical arenas of transportation and economic development.³

In Texas, according to a news release from Chairman Shuster's Transportation and Infrastructure Committee,

Congressman Bud Shuster (R-PA), Chairman of the House Committee on Transportation and Infrastructure, and Congressmen [sic] Thomas Petri (R-WI), Chairman of the Committee's Subcommittee on Surface Transportation have announced that field hearings on border transportation and infrastructure issues, including issues related to NAFTA, will be held in August by the Subcommittee on Surface Transportation. The hearings will be conducted on August 8th in Laredo, Texas, and on August 9th in McAllen, Texas.

"We will have a smaller hearing on Friday, August 9, in McAllen, Texas, to hear testimony from local residents on border infrastructure in the lower Rio Grande Valley, one of the fastest growing regions along the border." "To our knowledge, the Committee has not visited the Texas border and we believe that to truly understand border issues, it's necessary to visit and experience the area," concluded Shuster and Petri.⁴

Roll Call wrote of Chairman Shuster's Texas activities that

Mike Allen, director of the McAllen Economic Development and Industrial Recruitment Office, said he and other leaders "decided we needed to do everything we can to get people to notice us."

Allen turned to Washington lobbyist Randolph DeLay, the brother

³ Correspondence from Brooks R. Edwards and Bernard Grove of the Frederick Area Committee for Transportation, October 8, 1996. See Attachment #3.

⁴ Committee on Transportation and Infrastructure, U.S. House of Representatives, "Special Attention: Hearings on NAFTA, Related Issues, Chairmen Shuster, Petri Announce Filed Hearings on U.S.-Mexico Border to Examine Transportation and Infrastructure Issues." News release, July 19, 1996. See Attachment #4

of GOP Whip Tom DeLay (R-Texas), to help arrange a Transportation Committee field hearing and campaign fundraiser for Shuster.

Shuster, who didn't attend the field hearing, did go to the fundraiser -- complete with helicopter tour -- which netted his campaign \$25,000, according to campaign filings....

"We probably took some extreme measures," said Allen, who once served the area as a Catholic priest and who stayed there as a business leader. "To me it's marketing. He [Shuster] wasn't at the hearing. When you have our desperate situation, you want somebody to help you. And we needed to get his attention."

Regarding Chairman Shuster's activities in California, the *San Francisco Chronicle* wrote:

Over the past month, [Rep. Frank] Riggs has also been touting a range of new spending initiatives, including \$1.6 million for additional "park and ride" spaces along Highway 101 in Sonoma County, \$1 million toward a bus and train depot in Eureka and a possible half billion dollars to widen Highway 101 in the North Bay.

To drive home the point, Representative Bud Shuster...came out to Sonoma County last month to say that the Republicans, with Riggs' help, would try to deliver on the highway project. "I would expect that next year we should be able to provide the funds for 101," he said at a Riggs campaign stop.⁵

Roll Call wrote of Chairman Shuster's activities in California:

In June, Shuster flew by helicopter over California's Sonoma County to look at Highway 101 with freshman Rep. Frank Riggs (R-Calif), who also has a tough race. Shuster also raised \$18,000 at a California fundraiser at the same time.

Regarding Chairman Shuster's activities in Utah, the *Salt Lake Tribune* reported:

Pennsylvania Congressman Bud Shuster, invited to Utah to tour highways and Winter Olympics sites, is also raising money for his re-election campaign....

⁵ Louis Freedberg, "State Could Decide Control of Congress, Gingrich Tweaking Budget to Help House Candidates." *San Francisco Chronicle*, July 9, 1996. See Attachment #5.

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The Utah Motor Transport Association held a breakfast for the Pennsylvania Republican on Monday morning. An association spokeswoman confirmed that representatives from the transportation and construction industries attended, as did Utah Transit Authority officials developing light rail for Salt Lake Valley, Gov. Leavitt, 2nd District Rep. Enid Greene and 1st District Rep. Jim Hansen.

Another gathering was held Monday Afternoon in Provo Canyon....

Acknowledging that his re-election committee was paying for the trip West, Shuster held out hope Monday that Congress could look favorably on Utah's transportation needs for communities affected by the Olympics, as well as projects such as I-15's reconstruction. And, he said, those additional projects could be funded with the federal government covering 80% to 90% of the cost.⁶

Roll Call wrote of Chairman Shuster's trip to Provo:

Provo's lobbyist in Washington, Patricia Jordan, helped to arrange a fundraiser for Shuster, who, once again, got a bird's-eye view with a helicopter tour. About 60 people attended the fundraiser, and Shuster reported raising \$8,000.

Regarding Chairman Shuster's trips to Pine Bluff, Arkansas, *Roll Call* wrote:

Since the fall of 1995, House Transportation and Infrastructure Committee Chairman Bud Shuster (R-Pa) has twice descended upon the area of Pine Bluff, Ark., to hold fundraisers that netted his campaign some \$20,000.⁷

During one of Chairman Shuster's fundraising trips to Arkansas, the *Arkansas Democrat-Gazette* noted that:

Earlier in the day, Gov. Mike Huckabee flew to West Helena to visit with Shuster about the proposed interstate's [I-69] importance to Arkansas. Shuster was touring that area of Arkansas's 1st

⁶ John Keahey, "Pennsylvanian Campaigning in Beehive State," *Salt Lake Tribune*, September 17, 1996. Attachment #6 also contains "Fueling Cynicism," editorial, *Salt Lake Tribune*, September 21, 1996.

⁷ Ed Henry and Damon Chappie, "A Billion-Dollar Arkansas Road Project Pits Chairman Against Majority Leader," *Roll Call*, October 6, 1997. See Attachment #7.

Congressional District with [Rep. Jay] Dickey and Warren Dupwe of Jonesboro, the Republican nominee for the 1st district seat.⁸

Congressional fact-finding serves a legitimate governmental interest when it relates directly and solely to a Member's official duties in the Congress. Such fact-finding is in the public interest; a well-informed Member of Congress will likely make better decisions than an ill-informed Member.

However, Chairman Shuster's pattern of holding joint fundraisers and fact-finding events in Maryland, Texas, Utah, California, and Arkansas, as well as the comments of his campaign donors, call into question the legitimacy of his fact-finding. They leave the impression that Chairman Shuster requires an "entrance fee" or tribute of campaign contributions to consider or approve federal financing for transportation projects. The Ethics Committee must determine whether Chairman Shuster does require such a tribute.

Consideration for federal funding should not be "for sale" by politicians seeking fattened campaign warchests. If Chairman Shuster is trading such consideration for campaign contributions, he is misusing his chairmanship for political gain. This would likely fall within a class of dishonorable conduct prohibited by the House Code of Official Conduct. The Code states that:

A Member, officer, or employee of the House of Representatives shall conduct himself at all times in a manner which shall reflect creditably on the House of Representatives.⁹

But even the appearance of linkage -- without the actuality of a tribute -- is demoralizing to the public. It erodes trust in the Congress, and the federal government. As such, it is corrosive to the legislative process, and cannot be permitted by the Ethics Committee. The Ethics Committee must take official action to preserve and protect public trust in the United States Congress.

The appearance standard was perhaps best expressed in the Senate Ethics Committee's report on the Investigation of Senator Alan Cranston:

Because Senators occupy a position of public trust, every Senator always must endeavor to avoid the appearance that the Senator, the Senate, or the governmental process may be influenced by campaign contributions or other benefits provided by those with

⁸ Emmett George, "700 Rally in Stuttgart to Make Case for I-69." *Arkansas Democrat-Gazette*, October 17, 1996. See Attachment #8.

⁹ House Rule 43, clause 1.

significant legislative or governmental interests.¹⁰

Senator Paul Douglas has pointed out, in his book Ethics in Government, that it is important for time to elapse between the gift of a campaign contribution to a Member of Congress, and any official action provided to the donor -- and that includes fact-finding. Senator Douglas's book is quoted with approval in the House Ethics Manual:

It is probably not wrong for the campaign managers of a legislator before an election to request contributions from those for whom the legislator has done appreciable favors, but this should never be presented as a payment for services rendered. Moreover, the possibility of such a contribution should never be suggested by the legislator or his staff at the time the favor is done. Furthermore, a decent interval of time should be allowed to lapse so that neither party will feel that there is a close connection between the two acts.¹¹

The House Ethics Manual also states that

The Senate [Select] Committee [on Ethics] concluded that "established norms of Senate behavior do not permit linkage between official actions and fund raising activities." House Members, too, should be aware of the appearance of impropriety that could arise from championing the causes of contributors and take care not to show favoritism to them over other constituents.¹²

At a minimum, Chairman Shuster has run afoul of the appearance standard and the House Code of Official Conduct by linking -- in time, proximity, and substance -- official fact-finding and campaign fundraising

B: Request for a New House Rule Prohibiting Linkage Between Campaign Contributions and Official Action to Codify House Ethics Manual Warnings

Currently, no House Rule codifies the House Ethics Manual's warnings against linkage

¹⁰ Senate Select Committee on Ethics, Investigation of Senator Alan Cranston, S. Rep. No. 102-223, 102d Cong., 1st Sess. 11-12 (1991). Quoted in the House Ethics Manual at 250-51.

¹¹ Senator Paul Douglas, Ethics in Government. Harvard University Press, Cambridge, 1952. p. 89. Quoted in the House Ethics Manual at 257.

¹² House Ethics Manual at 251, quoting from Cranston Report at 29.

between campaign contributions and official action. This is a serious omission in the House Rules. Without such a House Rule, the public is nearly bereft of protection against the corrupting power of campaign contributions upon the Congressional legislative process, other than the weakened and crumbling Federal Election Campaign Act (FECA) of 1971 and amendments.

The gravity of this omission in the House Rules is compounded by the judicial decision in the bribery case *United States v. Brewster*.¹³ In *Brewster*, the D.C. Circuit Court carved out a crucial exemption in federal bribery law (18 U.S.C. §201) for campaign contributions to Members of Congress. *Brewster* essentially exempts "legitimate campaign contributions" -- legitimate under FECA -- from prosecution under federal bribery law.

Brewster was a disaster for the integrity of the Congressional legislative process. It essentially exempted what is likely the single most important source of corruption -- large campaign contributions -- from coverage under federal bribery law.

To make matters still worse, in *Brewster*, the court added two necessary elements not in the federal bribery statute which are now necessary to convict Members of Congress -- and only Members of Congress -- under section 201¹⁴. In an article in the *Journal of Legislation* on "Bribes, Gratuities, and the Congress," Joseph Weeks wrote

Brewster has proven to be a costly decision. Seldom has a single case at the circuit court level generated so much mischief in terms of potentially frustrating what should be routine convictions for corruption. All of this is a legitimate part of the price paid for the effort in *Brewster* to create a "legitimate campaign contribution" exception to section 201.

The effect of the *Brewster* analysis is the addition of an additional, and wholly unneeded, element to section 201. The *Brewster* requirement of attribution to a specific act, together with the "for himself" requirement of section 201(g) [illegal gratuity], means that, for all but the most careless, the prosecution of congressmen under section 201 is essentially precluded.¹⁵

¹³ 506 F.2d 62 (D.C. Cir. 1974).

¹⁴ See William M. Welch II, "The Federal Bribery Statute and Special Interest Campaign Contributions," *Journal of Criminal Law & Criminology* (1989), 79 J. Crim L. 1347. See also Joseph R. Weeks, "Bribes, Gratuities, and the Congress: The Institutionalized Corruption of the Political Process, the Impotence of Criminal Law to Reach it, and a Proposal for Change," *Journal of Legislation* (1986), 13 J. Legis. 123.

¹⁵ Weeks, at 137-8.

Weeks's statement is mirrored by The U.S. Department of Justice manual on the Prosecution of Public Corruption Cases, which states:

...it should be noted that campaign contributions can be the stuff of both bribes and gratuities. When, however, the contributions are consistent with the Federal Election Campaign Act of 1971 and subsequent amendments to the Act, it is a steep, uphill climb to a successful prosecution, usually requiring a taped conversation of the illicit agreement between the donor and the Member of Congress.¹⁶

These barriers to prosecution of Members of Congress exist in spite of emphatic concern - both from the public and the courts -- about the deleterious effects of both the appearance and the reality of linkage between campaign contributions and official action. For example, in *Buckley v. Valeo*, the Supreme Court noted that

To the extent that large contributions are given to secure a political *quid pro quo* from current and potential office holders, the integrity of our system of representative government is undermined. Although the scope of such pernicious practices can never be reliably ascertained, the deeply disturbing examples surfacing after the 1972 election demonstrate that the problem is not an illusory one

Of almost equal concern as the danger of actual *quid pro quo* arrangements is the impact of the appearance of corruption stemming from public awareness of the opportunities for abuse inherent in a regime of large individual financial contributions.¹⁷

Without a House Rule explicitly prohibiting linkage between campaign contributions and official action, citizens are left with only the flimsiest protections against such conduct: warnings in the House Ethics Manual, and a general rule in the House Code of Official Conduct. These feeble protections are not adequate to the task of protecting citizens and the legislative process against Members of the House of Representatives who link campaign contributions and official action.

Solutions to the problem of inadequate protection against the purchase of influence by campaign contributors are needed at two levels: a change in the federal bribery statute to once again bring campaign contributions to Members of Congress under section 201, and a new House

¹⁶ Reid H. Weingarten, "Legislative Corruption." In U.S. Department of Justice manual on the Prosecution of Public Corruption Cases (1988), p. 63

¹⁷ *Buckley v. Valeo* 424 U.S. 1 (1976) at 26-27.

Rule to protect citizens and our democracy against linkage between campaign contributions and official action.

We formally request that you remedy this omission in the House Rules by codifying House Ethics Manual warnings into a House Rule which clearly prohibits linkage between campaign contributing and official action, and win passage for the Rule in the House of Representatives. If you choose not to propose such a House Rule, we request that you state in writing precisely why you do wish to explicitly prohibit linkage between campaign contributions and official action in the House Rules.

C: Did Representative Shuster Violate House Rule 45 or Federal Law in the Financing of His Official and Campaign Fundraising Travels?

Given the unusual mixture of official and campaign fundraising activities, did the financing of Chairman Shuster's trips to Maryland, Utah, California, Texas, and Arkansas violate either House Rule 45 or federal law prohibiting the use of appropriated funds for unofficial purposes?

For example, the *Salt Lake Tribune* reported that Rep. Shuster's travels in Utah were paid for by his campaign committee. But is it appropriate for Chairman Shuster's fact-finding activities to be financed by his campaign? House Rule 45 prohibits the use of non-House funds for official purposes to prevent either the appearance or actuality of influence peddling. According to a 1977 House of Representatives Commission on Administrative Review:

The Commission strongly believes that private funds should be used only for politically related purposes. Official allowances should reflect the necessary cost of official expenses. Increasing official allowances... to eliminate reliance on private sources represents a small cost to the public for the benefits to be derived. To suggest otherwise would be to accept or condone the continuation of a system which, at the very least, allows for the appearance of impropriety, and, at worst, creates a climate for potential "influence peddling" through private financing of the official expenses of Members of Congress.¹⁸

Conversely, if any of Rep. Shuster's campaign-related activities were financed with official funds, then Rep. Shuster likely violated federal law prohibiting the misuse of appropriated funds. Federal law broadly prohibits the use of government resources for political purposes:

¹⁸ House Commission on Administrative Review, Financial Ethics, House Doc. No. 95-73, 95th Congress., 1st Sess. 18 (1977). Quoted in the House Ethics Manual at 218.

Appropriations shall be applied only to the objects for which the appropriations were made except as otherwise provided by law.¹⁹

This basic principal has often been restated. For example, in *Common Cause v. Bolger*, a Federal District Court stated that:

It is clear from the record that Congress has recognized the basic principle that government funds should not be spent to help incumbents gain reelection.²⁰

There is likely no acceptable way to finance Rep. Shuster's combined fact-finding and campaign fundraising events without violating either House Rule 45 or federal law. The merger of official and campaign functions creates an insoluble problem in terms of financing. This is one more reason why Rep. Shuster should not conduct these joint campaign fundraisers and fact-finding events.

D: Conclusion

The House Committee on Standards of Official Conduct is responsible for protecting the public against Members of Congress who violate the public trust. The Committee must investigate possible violations with diligence and punish wrongdoers, if the ethics process is to protect the public and our democracy. Without vigorous investigations and appropriate punishment, House Members will be encouraged to break House Rules and federal law, because they may understand that they act with impunity. During the 104th Congress, the Ethics Committee showed a liberal permissiveness towards offenders against House Rules, and several Ethics Committee "investigations" were far less than thorough.²¹

We would prefer to amend our pending Shuster complaint rather than undertake a laborious search for a letter of transmittal to file this amendment as a new complaint. Obtaining a letter of transmittal could be time-consuming and difficult; obtaining three letters of refusal for our Shuster complaint took several weeks of work during a seven month period. That was, of course, before the House of Representatives made it much harder for citizens to file complaints by eliminating the three letters of refusal procedure. That the House has chosen to erect high barriers against the filing of ethics complaints -- barriers not present in the Senate ethics process -- is a serious flaw in the House ethics process; it shields House Members from investigations

¹⁹ 31 U.S.C. §1301(a)

²⁰ *Common Cause v. Bolger*, 574 F. Supp. 672 (D.D.C. 1982), *aff'd* 461 U.S. 911 (1983).

²¹ Testimony of Gary Ruskin, Director of the Congressional Accountability Project, before the House Ethics Reform Task Force, March 4, 1997.

regarding possible violations of House Rules and federal law.²²

Regarding whether the Ethics Committee will grant the Congressional Accountability Project leave to amend our pending complaint against Chairman Shuster, House Committee on Standards of Official Conduct Rule 16(g) states that:

A complaint may not be amended without leave of the Committee. Otherwise, any new allegations of improper conduct must be submitted in a new complaint that independently meets the procedural requirements of the Rules of the House of Representatives and the Committee's Rules.

The Ethics Committee's primary responsibility is to the public -- to protect the public against Members of Congress who might violate House Rules or federal law, not to protect Members of Congress from investigations regarding credible allegations of wrongdoing. If the Ethics Committee rejects this amendment for arbitrary reasons, or for no reason at all -- as in the Ethics Committee's rejection of an amendment to a complaint against Speaker Newt Gingrich last year²³ -- the public will know that the Ethics Committee is, once again, shielding a powerful fellow politician from legitimate ethics scrutiny. If you refuse to grant leave to amend our Shuster complaint, please state in writing the reasons for refusal.

Sincerely,

Gary Ruskin
Director

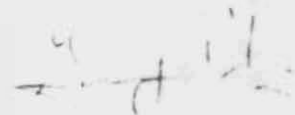
²² Testimony of Gary Ruskin, Director of the Congressional Accountability Project, before the House Ethics Reform Task Force, June 20, 1997. "Sham Ethics." *The New York Times*, September 23, 1997. "Ethics Menace." *Roll Call*, September 15, 1997. "The House Excludes The Public." *St. Louis Post Dispatch*, September 24, 1997. "Prognosis Bleak For Ethics Reform." *Allentown Morning Call*, September 16, 1997. Charles Levendosky, "House Ethics 'Reform' A Secretive Ruse." *Fort Lauderdale Sun-Sentinel*, June 3, 1997.

²³ Correspondence from House Committee on Standards of Official Conduct Chairman Nancy L. Johnson and Ranking Democratic Member Jim McDermott to Honorable David Bonior, Minority Whip, U.S. House of Representatives, January 25, 1996. See Attachment #9.

Certificate of Service

This is to certify that I have today, by hand delivery, provided an exact copy of this amendment to the respondent in this matter, Representative E. G. "Bud" Shuster, at the following address:

Representative Elmer Greinert "Bud" Shuster
2188 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515



Gary Ruskin
Complainant

98043902000

Congressional Accountability Project
1611 Connecticut Ave. NW, Suite 3A
Washington, DC 20009
(202) 296-2787
fax (202) 833-2406

Attachment #5

November 19, 1997

The Honorable Joel Hefley, Chairman
The Honorable Zoe Lofgren, Ranking Minority Member
Investigative Subcommittee in the Matter of Representative Bud Shuster
Committee on Standards of Official Conduct
U.S. House of Representatives
HT-2, The Capitol
Washington, DC 20515

**RE: Appointment of Outside Counsel in the Matter of
Representative Bud Shuster**

Dear Chairman Hefley and Ranking Minority Member Lofgren:

On November 14, 1997, the House Committee on Standards of Official Conduct ("Ethics Committee") established an investigative subcommittee in the matter of House Transportation and Infrastructure Committee Chairman Elmer Greinert ("Bud") Shuster. We are writing to urge you to appoint an outside counsel to carry out this investigation.

On September 5, 1996, the Congressional Accountability Project filed an ethics complaint against Chairman Shuster, and called for appointment of an outside counsel to investigate the tangled web of legislative, financial, personal, and political ties between Chairman Shuster and Ann Eppard, a transportation lobbyist. Regrettably, neither the Ethics Committee nor its investigative subcommittee have yet appointed an outside counsel to investigate the Shuster matter.

It is the responsibility of the Ethics Committee, and its investigative subcommittees, to conduct thorough investigations of House Members who may have violated federal law or House Rules.

As Chairman and Ranking Member of the Investigative Subcommittee, you have been placed in an untenable and unenviable position: the Member you are charged with investigating has substantial power over you, your constituents, and perhaps your own political careers. Chairman Bud Shuster is one of the most powerful Members of Congress. As Chairman of the Transportation Committee, he decides where roads are built, and roads are votes. You may perform your duties as Chairman and Ranking Member under credible fear of retribution from Chairman Shuster. Alternatively, Chairman Shuster can provide new funding for transportation projects within your districts.

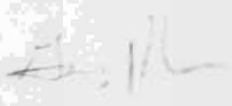
Given this conflict of interest, you should appoint an outside counsel to undertake a thorough investigation of Chairman Shuster, to safeguard public confidence in the Investigative Subcommittee's work product.

The Ethics Committee has a well-documented recent history of investigative failures, delay and incompetence.¹ These failures took place when the Committee tried to conduct its own internal investigations, without benefit of outside counsels. Given this history, refusal to appoint an outside counsel would further erode public confidence in the House ethics process.

The investigative phase is the most important and sensitive part of the congressional ethics process. A thorough, impartial, non-partisan, independent investigation of Chairman Shuster, conducted by an outside counsel, would likely provide a trustworthy foundation for any further action by the Ethics Committee. We strongly urge you to heed the warnings of Richard Phelan, the special outside counsel in the case of former Speaker Jim Wright, who wrote that "the very integrity of Congress depends on its ability to police itself. In most cases, our elected representatives have determined that justice can only be done when an outside counsel – an independent lawyer who can investigate allegations of wrongdoing and stand up to powerful politicians – is assigned to the inquiry."²

The most important lesson of the Gingrich ethics case was that the hiring of outside counsel James Cole led to a thorough and credible investigation of the matters that Cole was instructed to investigate. We hope you will put that lesson to good use by swiftly appointing an outside counsel in the Shuster case.

Sincerely,


Gary Ruskin
Director

cc: The Honorable Jim McCrery
The Honorable Chet Edwards

¹ Testimony of Gary Ruskin, Director of the Congressional Accountability Project, before the House Ethics Reform Task Force, March 4, 1997. See Attachment.

² Richard J. Phelan, "Do Unto Gingrich." *The New York Times*, January 3, 1995.

Local News

Politis calls latest complaint 'silly'

By JOYCE F. NOWELL

Staff writer

CHAMBERSBURG — Calling it "beneath silly," Paul Politis, the Democratic write-in challenger to Congressman Bud Shuster, has released copies of a complaint filed by a county Democrat with the Federal Election Commission.

The complaint stems from information Politis reportedly received from a government watchdog group.

The accusations come from Doug Harbach, a Chambersburg Democrat who signed a challenge to Politis' nominating petitions in March. Politis withdrew the petitions and began a write-in campaign.

In Harbach's complaint to the Federal Election Commission, he claims the Congressional Accountability Project (CAP) "has used its tax-exempt status to aid the political campaign of a federal candidate in my congressional district. Accordingly, upon information and belief, the Congressional Accountability Project has made an illegal corporate contribution to the congressional campaign of Democrat Paul Politis."

Shuster has been a longtime target of the CAP, a watchdog group that has lodged ethics charges against Shuster. A probe of the longtime congressman also is being conducted by the House Ethics Committee.

In his complaint, Harbach objects to a reported meeting CAP staff member Gary Ruskin had with Politis. It claims the meeting "aided his

(Politis') campaign by providing him with information" about Shuster.

The complaint continues, "by (using) its illegal corporate contributions to get candidate Politis to raise its issues in Mr. Shuster's campaign, the Congressional Accountability Project also has attempted to influence the process of the House Committee on Standards of Official Conduct."

Politis said Tuesday that he had initiated the meeting with Ruskin to see the full charges CAP had filed that led to the Ethics Committee investigation. Politis said the meeting lasted about 10 minutes and he received about 100 pages of newspaper clippings and a copy of the complaint against Shuster.

Harbach claims violations of public reporting of contributions and is calling for a Federal Election Commission investigation into whether similar alleged contributions have been made by the CAP.

"This investigating is necessary to prove either that its aid to the Politis' campaign was unique, thereby demonstrating a corporate vendetta against Shuster, or that the organization has engaged in a pattern of practice of abusing its tax-exempt, corporate status to aid federal campaigns," the complaint said.

Politis said there was no money exchanged and the information he received is "freely available public information and would have been given to anyone who asked," adding the same information is probably available at a library or

elsewhere. He estimated the total monetary value to be about \$3 in copying costs.

In Harbach's complaint, he noted he is also filing a complaint with the Internal Revenue Service calling for an investigation of whether CAP violated its tax-exempt status.

Politis said CAP "is not a liberal or partisan organization," noting that two years ago, ethics complaints were lodged against a black Democratic congressman from Detroit.

"I feel the intent here is to harass and try to discredit me and the CAP," Politis reacted. "They're fighting this whole damn campaign with lawyers is what it amounts to."

"Instead of running a traditional campaign based on issues and people, they spend all that money to threaten and intimidate me to withdraw my petitions, which I never should have done."

Politis claims the Shuster campaign has spent about \$100,000 on legal fees during the first four months of this year.

Politis said he regrets not fighting back when the Shuster campaign challenged his petitions, adding he believes he would have prevailed.

"The fact that I'm not on the ballot contributes to the stupidity of the (new) complaint," Politis said. "It talks about me failing to report this and since they've already knocked me off the ballot, I'm not required to file any type of report whatsoever, unless I spend more than \$5,000, which there's no way I'm going to do. So that charge is meaningless."

BEFORE THE FEDERAL ELECTION COMMISSION

Oct 21 3 46 AM '98

In the Matter of

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CASE CLOSURES UNDER
ENFORCEMENT PRIORITY

SENSITIVE

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

II. CASES RECOMMENDED FOR CLOSURE.

A. **Cases Not Warranting Further Action Relative to Other Cases
Pending Before the Commission**

EPS was created to identify pending cases that, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria which results in a numerical rating for each case.

Closing

cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified 17 cases that do

not warrant further action relative to other pending matters.¹ The attachments to this report contain a factual summary of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more remote in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more difficult to develop as it ages. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of this fact, EPS also provides us with the means to identify those cases which

remain unassigned for a significant period due to a lack of staff resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

¹ These cases are: Pre-MUR 365 (*Friends of Marjorie Margolies-Mezvinsky, et al*); MUR 4729 (*Friends of Melinda Katz*); MUR 4730 (*The Capital Times*); MUR 4731 (*Randall Terry Live*); MUR 4732 (*Juneau Democratic District Committee*); MUR 4733 (*Families and Taxpayers for Bob Kilbanks*); MUR 4734 (*Dennis Newinski for Congress*); MUR 4738 (*Friends of Corrine Brown*); MUR 4739 (*Direct Voice/DMAPAC*); MUR 4744 (*Mayor James Hoffmann*); MUR 4745 (*Congressional Accountability Project*); MUR 4746 (*Phillip Cyre*); MUR 4747 (*NAWGA-PAC & FOODVIP PAC*); MUR 4765 (*Gary Miller*); MUR 4767 (*Committee to Elect Glenn Reese To Congress*); MUR 4778 (*Rick Hill for Congress*); and MUR 4784 (*Verticchio for Congress*).

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We have identified cases that have remained on the Central Enforcement Docket for a sufficient period of time to render them stale. We recommend that these cases be closed.⁴

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective October 29, 1998. Closing these cases as of this date will allow CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

⁴ The cases recommended for closure are: Pre-MUR 345 (*Simon Fireman*); MUR 4630 (*Kentucky State Democratic Central Committee*); MUR 4662 (*Democratic Congressional Campaign Cmte*); RAD 97L-08 (*Thomas for Congress*); RAD 97L-11 (*Eggleston for Congress*); RAD 97L-12 (*Massachusetts Democratic Party*); RAD 97L-13 (*McMains for Senate*); RAD 97L-20 (*Republican Party of Arkansas*); and RAD 97NF-24 (*NC Committee Against Extremism*).

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III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective October 29, 1998, and approve the appropriate letters in the following matters:

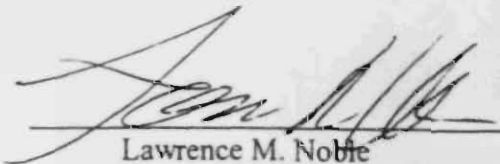
RAD 97L-08	RAD 97L-13	Pre-MUR 345
RAD 97L-11	RAD 97L-20	Pre-MUR 365
RAD 97L-12	RAD 97NF-24	

B. Take no action, close the file effective October 29, 1998, and approve the appropriate letters in the following matters:

MUR 4630	MUR 4732	MUR 4745
	MUR 4733	MUR 4746
MUR 4662	MUR 4734	MUR 4747
MUR 4729	MUR 4738	MUR 4765
MUR 4730	MUR 4739	MUR 4767
MUR 4731	MUR 4744	MUR 4778
		MUR 4784

10/20/98

Date



Lawrence M. Noble
General Counsel

98043902007

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Case Closures Under
Enforcement Priority.

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CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 27, 1998, the Commission took the following actions with respect to the General Counsel's October 20, 1998 report on Case Closures under Enforcement Priority:

I. Decided by a vote of 4-0 to:

- A. Decline to open a MUR, close the file effective October 29, 1998, and approve the appropriate letters in the following matters, as recommended in the General Counsel's Report dated October 20, 1998:

- | | |
|---------------|----------------|
| 1. RAD 97L-08 | 5. RAD 97L-20 |
| 2. RAD 97L-11 | 6. RAD 97NF-24 |
| 3. RAD 97L-12 | 7. Pre-MUR 345 |
| 4. RAD 97L-13 | 8. Pre-MUR 365 |

- B. Take no action, close the file effective October 29, 1998, and approve the appropriate letters in the following matters, as recommended in the General Counsel's Report dated October 20, 1998:

- | | |
|-------------|--------------|
| 1. MUR 4630 | 7. MUR 4733 |
| 2. MUR 4662 | 8. MUR 4734 |
| 3. MUR 4729 | 9. MUR 4738 |
| 4. MUR 4730 | 10. MUR 4739 |
| 5. MUR 4731 | 11. MUR 4744 |
| 6. MUR 4732 | 12. MUR 4745 |

(continued)

Federal Election Commission
Certification for Case Closure Under
Enforcement Priority
October 27, 1998

Page 2

13. MUR 4746	16. MUR 4767
14. MUR 4747	17. MUR 4778
15. MUR 4765	18. MUR 4784

Commissioners Elliott, Mason, McDonald,
and Thomas voted affirmatively for the
decision; Commissioners Sandstrom and Wold
did not cast a vote.

Attest:

10/27/98
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Wed., Oct. 21, 1998	9:46 a.m.
Circulated to the Commission:	Wed., Oct. 21, 1998	11:00 a.m.
Deadline for vote:	Mon., Oct. 26, 1998	4:00 p.m.

lrd

98043902009



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 2, 1998

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Doug Harbach
52 Wagner Road
Chambersburg, PA 17201

RE: MUR 4745

Dear Mr. Harbach:

On May 12, 1998, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the respondents. See attached narrative. Accordingly, the Commission closed its file in this matter on October 29, 1998. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Turley", is written over a horizontal line.

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

MUR 4745

CONGRESSIONAL ACCOUNTABILITY PROJECT

Doug Harbach alleges that Congressional Accountability Project ("CAP"), a tax exempt group, made illegal corporate contributions to Paul Politis, whom he alleges to be Representative Bud Shuster's primary opponent, by providing Mr. Politis with information about Mr. Shuster with the intent for it to be used in the campaign. Mr. Harbach alleges that the media has reported these contributions; that CAP has failed to register as a political committee; and that Mr. Politis "decided not to report" the contribution.

CAP claims in its response that the complaint is without merit, and is an attempt by a Shuster follower to stifle CAP's First Amendment right to criticize Congressman Shuster and transportation lobbyist, Ann Eppard. CAP admits that its Director, Gary Ruskin, met with Mr. Politis for approximately 20 minutes, and gave him copies of CAP's materials critical of Congressman Shuster that included letters, news articles, editorials, and other publicly-available information. CAP asserts that it does not advocate the election or defeat of any candidates, but advocates for good government.

In his response, captioned "News Release," Mr. Politis describes himself as Congressman Shuster's write-in primary opponent. He states that he initiated the meeting with Mr. Ruskin of CAP, which lasted approximately 20 minutes. Mr. Politis asserts that the purpose of the meeting was to discover more information about CAP's ethical allegations against the congressman. Mr. Politis received no percentage of the vote, according to Pennsylvania's unofficial results, released on May 26, 1998. He did not register as a candidate with the Commission or establish a principal campaign committee, according to FEC records.

This matter is less significant relative to other matters pending before the Commission.

98043902011



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 2, 1998

Paul Politis
Box 335, HC 75
RR 1
McConnellsburg, PA 17233

RE: MUR 4745

Dear Mr. Politis:

On May 19, 1998, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. See attached narrative. Accordingly, the Commission closed its file in this matter on October 29, 1998.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Jennifer H. Boyt on our toll-free number, (800)-424-9530. Our local number is (202) 694-1650.

Sincerely,

A handwritten signature in dark ink, appearing to read "F. Andrew Turlay", is positioned above the typed name.

F. Andrew Turlay
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

90043902012

MUR 4745

CONGRESSIONAL ACCOUNTABILITY PROJECT

Doug Harbach alleges that Congressional Accountability Project ("CAP"), a tax exempt group, made illegal corporate contributions to Paul Politis, whom he alleges to be Representative Bud Shuster's primary opponent, by providing Mr. Politis with information about Mr. Shuster with the intent for it to be used in the campaign. Mr. Harbach alleges that the media has reported these contributions; that CAP has failed to register as a political committee; and that Mr. Politis "decided not to report" the contribution.

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This matter is less significant relative to other matters pending before the Commission.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 2, 1998

Gary Ruskin
Congressional Accountability Project
1611 Connecticut Ave., NW, Ste. #3A
Washington, DC 20009

RE: MUR 4745

Dear Mr. Ruskin:

On May 19, 1998, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Congressional Accountability Project and you. See attached narrative. Accordingly, the Commission closed its file in this matter on October 29, 1998.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

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Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

Attachment
Narrative

MUR 4745

CONGRESSIONAL ACCOUNTABILITY PROJECT

Doug Harbach alleges that Congressional Accountability Project ("CAP"), a tax exempt group, made illegal corporate contributions to Paul Politis, whom he alleges to be Representative Bud Shuster's primary opponent, by providing Mr. Politis with information about Mr. Shuster with the intent for it to be used in the campaign. Mr. Harbach alleges that the media has reported these contributions; that CAP has failed to register as a political committee; and that Mr. Politis "decided not to report" the contribution.

CAP claims in its response that the complaint is without merit, and is an attempt by a Shuster follower to stifle CAP's First Amendment right to criticize Congressman Shuster and transportation lobbyist, Ann Eppard. CAP admits that its Director, Gary Ruskin, met with Mr. Politis for approximately 20 minutes, and gave him copies of CAP's materials critical of Congressman Shuster that included letters, news articles, editorials, and other publicly-available information. CAP asserts that it does not advocate the election or defeat of any candidates, but advocates for good government.

In his response, captioned "News Release," Mr. Politis describes himself as Congressman Shuster's write-in primary opponent. He states that he initiated the meeting with Mr. Ruskin of CAP, which lasted approximately 20 minutes. Mr. Politis asserts that the purpose of the meeting was to discover more information about CAP's ethical allegations against the congressman. Mr. Politis received no percentage of the vote, according to Pennsylvania's unofficial results, released on May 26, 1998. He did not register as a candidate with the Commission or establish a principal campaign committee, according to FEC records.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

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