



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 19, 1999

Michael Sullivan, Treasurer
Baesler for Senate Committee
2365 Harrodsburg Rd.
Suite A-100
Lexington, KY 40504

RE: MUR 4897

Dear Mr. Sullivan:

On May 12, 1999, the Federal Election Commission found that there is reason to believe Baesler for Senate Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 434(a)(6), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

Michael Sullivan
MUR 4897
Page 2

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.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Stephanie Watson, the staff member assigned to this matter, at (202) 694-1650.

Sincerely,



Scott E. Thomas
Chairman

Enclosures

Factual and Legal Analysis
Procedures
Designation of Counsel Form
Conciliation Agreement

cc: ~~Henry Baesler~~

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Baesler for Senate Committee and
Michael Sullivan, as Treasurer

MUR: 4987

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

The Federal Election Campaign Act of 1971, as amended ("the Act"), requires principal campaign committees of candidates for federal office to notify in writing either the Secretary of the Senate or the Commission, as appropriate, and the Secretary of State of the appropriate state, of each contribution totaling \$1,000 or more, received by any authorized committee of the candidate after the 20th day but more than 48 hours before any election. 2 U.S.C.

§ 434(a)(6)(A). According to 2 U.S.C. § 431(8)(A) and 11 C.F.R. § 100.7(a)(1)(B), a loan is a contribution at the time it is made and is a contribution to the extent that it remains unpaid. The Act further requires notification to be made within 48 hours after the receipt of the contribution and to include the name of the candidate and office sought, the date of receipt, the amount of the contribution, and the identification of the contributor. 2 U.S.C. § 434(a)(6)(A). The notification of these contributions shall be in addition to all other reporting requirements. 2 U.S.C. § 434(a)(6)(B).

The Primary Election in the state of Kentucky was held on May 26, 1998. Pursuant to the Act, Baesler for Senate Committee ("the Committee") was required to notify the Commission, in writing, of all contributions of \$1,000 or more received during the period of May 7, 1998 to

May 23, 1998, within 48 hours of their receipt. During this period, the committee received loans from the candidate, Henry Scott Baesler, in amounts of \$75,000 on May 15, 1998 and \$25,000 on May 19, 1998. The Committee was apparently aware that loans from the candidate during the 48-hour reporting period were required to be reported in the same manner as other contributions, inasmuch as it filed a 48 Hour Report for the May 19 loan. However, no 48 Hour Report was ever filed for the \$75,000 loan, even though on the same day the committee filed a 48 Hour Report for direct contributions of money from other contributors totaling \$2,000.

Therefore, there is reason to believe that the Baesler for Senate Committee and Michael Sullivan, as treasurer, violated 2 U.S.C. §434(a)(6)(A) by failing to report campaign contributions of \$1,000 or more, received after the 20th day, but more than 48 hours before the general election, within 48 hours of receipt of the contribution.