

**SANDLER & REIFF, P.C.**

6 E STREET SE  
WASHINGTON, DC 20003

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COMMISSION  
OFFICE OF THE GENERAL  
COUNSEL

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TELEPHONE: (202) 543-7680  
FACSIMILE: (202) 543-7686

JOSEPH E. SANDLER  
NEIL P. REIFF

May 6, 1999

**Via Facsimile and First Class Mail**

Lois Lerner, Esq.  
Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: Pre-MUR 377—MSBDFA Management Group, Inc.

Dear Ms. Lerner:

This will respond to the questions you raised in connection with the above-referenced Pre-MUR:

(1) You inquired about how MSDBDFA Management Group, Inc. ("MMG") discovered the advances made to corporate officers for the purpose of making contributions to candidates for federal office. MMG management learned, in the first instance, that it had violated the aggregate limit under Maryland state law (\$10,000) on the amount that a corporation may contribute to all Maryland candidates and committees in a four-year cycle. MMG management learned of these violations when the company undertook a periodic audit of its books and records by the State of Maryland. The matter was then referred to the Maryland State Prosecutor for investigation.

MMG retained counsel (Freishtat & Sandler) to assist the company with these state law issues. Realizing that corporate funds had also been used for contributions to federal candidates, MMG asked their counsel to determine whether any of those contributions may have violated federal election laws. Mr. Paul Sandler of Freishtat & Sandler determined that there had been an inadvertent violation of federal law; recommended that the company contact the FEC; and retained our firm to assist in this matter.

(2) You also inquired about the nature of the state law violations. MMG inadvertently violated the aggregate limit under Maryland law on what a corporation may

Lois Lerner, Esq.

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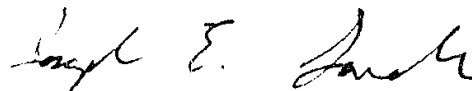
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contribute during an election cycle, because the company's officers did not realize that the cycle covered all four years between gubernatorial elections. MMG contributed \$17,468 during the four-year cycle, thereby violating the applicable limit by \$7,468.

Recognizing that MMG's violation of state law was inadvertent, the State Prosecutor declined to commence a criminal investigation and instead decided to proceed under the civil penalty provisions of Maryland law. A civil penalty of \$15,000 has been negotiated; the State Prosecutor intends to file the civil citation in the near future.

If you have any questions concerning the above or need additional information, please do not hesitate to contact me.

Sincerely yours,



Joseph E. Sandler

cc: Paul Mark Sandler, Esq.