



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 25, 1999

James M. Newberry, Treasurer
Freedom Leadership Political Action Committee
P.O. Box 36
Beallsville, MD 20839

RE: MUR 4937

Dear Mr. Newberry:

On October 19, 1999, the Federal Election Commission found that there is reason to believe Freedom Leadership Political Action Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 434 (a)(4)(A)(i), (iii) and (iv), provisions 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 findings, 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.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

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.

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

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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 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Lisa A. Davis, 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

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Freedom Leadership Political Action Committee MUR: 4937
and James M. Newberry, as treasurer

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 treasurers of political committees other than authorized committees of a candidate to file periodic reports of receipts and disbursements. In a non-election year, political committees must file a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31, and a report covering the period beginning July 1 and ending December 31, which shall be filed no later than January 31 of the following calendar year. 2 U.S.C. § 434(a)(4)(A)(iv). The Act also requires that all political committees other than authorized committees of a candidate to file quarterly reports in a calendar year in which a regularly scheduled general election is held, which shall be filed no later than the 15th day after the last day of each calendar quarter: except that the report of the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following year. 2 U.S.C. § 434(a)(4)(A)(i). Additionally, all political committees shall file a post-general election report, which shall be filed no later than the 30th day after the general election and which shall be complete as of the 20th day after such general election. 2 U.S.C. § 434(a)(4)(A)(iii).

The Freedom Leadership Political Action Committee (the "Committee") is a political committee not authorized by any candidate. James M. Newberry is the treasurer of the Freedom Leadership Political Action Committee.

The Respondents failed to file their 1997 Mid-Year Report in a timely manner. The Committee's 1997 Mid-Year Report was due July 31, 1997. On December 30, 1996 and July 7, 1997, Prior Notices were sent to the Committee notifying them of the report filing date. The report was filed on August 14, 1997, fourteen calendar days late.

Respondents have failed to file their 1997 Year End Report and their 1998 April Quarterly, July Quarterly, October Quarterly, 30 Day Post-General and Year End Reports. The Committee was notified by Prior Notices on December 30, 1996 and December 29, 1997 that the 1997 Year End Report was due on January 31, 1998. A Non-Filer for the 1997 Year End Report was sent to the Committee via mailgram on February 23, 1998. On March 20, 1998, a Chronic Late Filer Notice was sent to the Committee for failing to timely file the 1997 Mid-Year and Year End Reports. The Notice advised the Committee that any additional late filing of reports may result in legal enforcement action.

Subsequently to sending the Chronic Late Filer Notice, the Committee failed to file any of the required 1998 Reports. On March 20, 1998, the Committee was notified by Prior Notice that the 1998 April Quarterly Report was due on April 15, 1998. A Non-Filer Notice for the 1998 April Quarterly Report was sent to the Committee via mailgram on May 7, 1998. The Committee was notified by Prior Notice on June 19, 1998, that the 1998 July Quarterly Report was due on July 15, 1998. A Non-Filer Notice for the 1998 July Quarterly Report was sent to the Committee via mailgram on August 7, 1998. The Committee was notified By Prior Notice on September 18, 1998, that the 1998 October Quarterly Report was due on October 15, 1998. A

Non-Filer Notice for the 1998 October Quarterly Report was sent to the Committee via mailgram on November 4, 1998. The Committee was notified by Prior Notice on September 30, 1998, that the 1998, 30 Day Post-General Report was due on December 30, 1998. The Committee was notified by Prior Notice on November 5, 1998, that the 30 Day Post-General Report was due on December 3, 1998. The Committee was notified by Prior Notice on December 30, 1998, that the 1998 Year End Report was due on January 31, 1999. A Non-Filer Notice for the 30 Day Post-General Report was sent to the Committee via mailgram on January 6, 1999. A Non-Filer Notice for the Year End Report was sent to the Committee via mailgram on March 2, 1999.

To date, the 1997 Year End and 1998 April Quarterly, July Quarterly, October Quarterly, 30 Day Post-General and Year End Reports have not been filed. Also the Committee failed to timely file their 1997 Mid-Year Report. Therefore, there is reason to believe that the Freedom Leadership Political Action Committee and James M. Newberry, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(i), (iii) and (iv) by failing to timely file their 1997 Mid-Year Report and failing to file at all their 1997 Year End and all of their 1998 required Reports.