



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

April 7, 2000

Jeffrey Poston, Esq.
King, Pagano & Harrison
1730 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

RE: MUR 4941
Friends for Harry Reid and
Clifford R. Beadle, as Treasurer

Dear Mr. Poston:

On October 28, 1999, the Federal Election Commission ("the Commission") found that there is reason to believe that Friends for Harry Reid ("Committee") and its treasurer, violated 2 U.S.C. §§ 432(b)(1) and (c)(3), 434(b)(3)(A) and (E), and 434(b)(2)(G), and Commission regulations at 11 C.F.R. §§ 102.8(a), 104.3(a)(3)(vii)(B) and 104.8(a). After considering information supplied by the Committee in response to the earlier findings, on April 4, 2000, the Commission found that there is reason to believe that Friends for Harry Reid and Clifford R. Beadle, as treasurer, violated 2 U.S.C. § 434(a)(6)(A). The Factual and Legal Analysis, which formed a basis for the Commission's latest finding, is attached for your information.

Your clients may submit any factual or legal materials that they 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. This agreement addresses only the Commission's most recent reason to believe finding.

If your clients 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

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demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you have any questions, please contact Jim Moye, the staff member assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink that reads "Darryl R. Wold". The signature is written in a cursive, slightly slanted style.

Darryl R. Wold
Chairman

Enclosures
Factual and Legal Analysis
Conciliation Agreement

20.04.401.3790

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Friends for Harry Reid and
Clifford R. Beadle, as treasurer

MUR 4941

I. Generation of Matter

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).

A. Applicable Law

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). 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. *Id.* The notification of these contributions shall be in addition to all other reporting requirements. 2 U.S.C. § 434(a)(6)(B). The Act defines "contribution" as including "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office."

2 U.S.C. § 431(8)(A)(i). Further, a loan is considered a contribution at the time it is made.

11 C.F.R. § 100.7(a)(1)(i)(B).

B. Factual Background

The General Election in the state of Nevada was held on November 3, 1998. Pursuant to the Act, Friends for Harry Reid and its treasurer ("the Committee") were required to notify the Commission, in writing, of all contributions of \$1,000 or more received from October 15 to October 31, 1998, within 48 hours of receipt. A review of the Committee's 1998 30 Day Post-General Report identified a loan received on October 15, 1998, totaling \$100,000, from the incumbent candidate, Senator Harry Reid, for which the Committee did not submit a 48 Hour Notice.

Following an investigation, the evidence indicates that the Committee received and deposited the personal loan check from the candidate on October 15, 1998. The evidence includes a copy of both sides of the check, which shows October 15, 1998 as both the day the check was dated and deposited, and a sworn declaration by William Marion, an authorized Committee fundraiser, who states in his declaration that "[m]y best recollection is...that I received [the candidate's check] on October 15, 1998 and turned it over [to the Treasurer's Office] on that day."

Therefore, there is reason to believe that Friends for Harry Reid and Clifford R. Beadle, as treasurer, violated 2 U.S.C. § 434(a)(6)(A) by failing to report a campaign contribution 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 contributions.