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August 1, 2000

Jennifer H. Boyt
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
AUG 1 3 10 PM '00

Re: MUR 5031 – 17th District Victory Fund, John Gianulis,
Chairman, Connie Engholm, Treasurer

Dear Ms Boyt:

This is in response to the Federal Election Commission's letter of June 22, 2000 regarding a complaint filed against the above-mentioned parties. The Committee asks that the complaint be dismissed.

The complaint alleges that the Committee violated the campaign laws because it is affiliated with the Illinois Democratic Party and the Rock Island County Democratic Central Committee. The 17th District Victory Fund is a local party committee. It is responsible for the day-to-day activities of the Party in the 17th Congressional District region of Illinois. It has, for many years, conducted coordinated campaign efforts for Democratic candidates in this region – those efforts have consisted primarily of assisting in educating the public about Democratic Party issues and getting people out to vote on election day. The Committee is registered with, and files periodic reports with, the Federal Election Commission. It is also registered with, and files periodic reports with, the State of Illinois.

The Committee is not affiliated with any other party committee. As cited in the complaint, a local party committee is presumed to be affiliated with a state party committee, but that presumption can be rebutted. 11 C F R § 110.3(b)(3); Advisory Opinion 1978-9. The presumption is rebutted if the local committee can demonstrate that

[28654-0001/DA003679 203]

- (i) the political committee of the party unit in question has not received funds from any other political committees established, financed, maintained or controlled by any party unit; and
- (ii) the political committee of the party unit in question does not make its contributions in cooperation, consultation, or concert with, or at the request or suggestion of any other party unit or political committee established, financed, maintained or controlled by another party unit.

The Committee meets both of these criteria. It did not receive any funds from any other party committee and it did not coordinated its contributions with any other party committee.

Complainant attempts to establish affiliation with information that is not relevant to the determination. They cite the fact that Rock Island Democratic Central Committee has the same chairman as the Committee and thereby controls the contributions made by both committees. The complaint overlooks the fact that the Rock Island committee is not a federally registered committee, and , therefore, does not make "contributions" as defined in the Federal Election Campaign Act. But even if this was not significant, the Chairman of the two committees does not control the contributions made by the committees, but rather is only one voice of many that make these decisions.

Complainant cites no evidence that the Committee is affiliated with the Illinois Democratic Party, relying apparently simply on the fact that they are in the same state. They do cite a contribution to the Committee by the AFL-CIO that indicates "Illinois Democratic Party Seventeenth Dist Victory." Since this merely indicates a contribution to the 17th District Victory Committee, a Democratic party committee, it is unclear how they believe that this establishes any affiliation.

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Because the Committee is not affiliated with any other Democratic Party Committee, it did not provide false information to the FEC in responding the an Request for Additional Information. And it did not accept excessive contributions.¹

The Complaint also alleges that payments by the Committee for consulting services, paid staff and direct mail and postage were contributions to the Lane Evans campaign. Yet the very materials they attach to their complaint show that this allegation is not true. The Committee undertook an active GOTV effort during the 1998 campaign for the entire Democratic party ticket. These efforts included a variety of activities, including exempt party activities and generic party communications.

As noted in the article attached as Appendix 13, the Committee hired the Strategic Consulting Group to train volunteer workers for the Committee. These volunteers then helped with the GOTV efforts of the Committee, including contacting voters, helping with the distribution of materials, putting up yard signs, door-to-door canvassing. The Committee did not pay these individuals, nor did Strategic Consulting. The volunteers did receive a small stipend to cover their expenses. The Committee paid the consulting firm on an appropriate federal/nonfederal split for general GOTV activities and the activities undertaken did not have to be allocated to any candidate.

The paid staff of the Committee were just that – the staff of the Committee. They ran the day-to-day operations of the Committee, supervised the activities undertaken, etc. They did not work on behalf of any single candidate, but rather, for the entire Democratic ticket.

The Committee did pay for direct mail and postage services. As noted above, the Committee, as party of its GOTV efforts, distributed materials under the FEC's exempt party activities provision (using the services of the volunteers described above) and distributed generic party materials (see, for example, the mailing attached to the Complaint as Appendix 3). Again, these materials were paid on an appropriate

¹ It is interesting to note that Complainants refer the Commission to the nonfederal reports of the Rock Island and 17th District committees. They are apparently unaware of the recent FEC Advisory Opinion, 1999-4, regarding aggregation of non-federally-registered party committees

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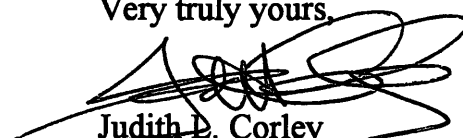
federal/nonfederal split under the Commission's allocation regulations and were not required to be allocated to any candidate.

All of these were appropriate party committee activities on behalf of the candidates running in the region. The Complaint attempts to argue that by merely performing the normal functions of a party committee, the Committee made excessive contributions to one of the candidates. This is simply not true and they have provided no evidence to the contrary.

The Complaint also makes several other unsubstantiated allegations against the Committee of excessive contributions. They allege that the fact that the Committee and Lane Evans used the same fundraising consultant was somehow a contribution. In fact, the Committee hired an independent contractor fundraising consultant and paid her for the services she provided in raising money to the Committee. The Complaint also alleges that two contributions made to the Committee (from UNITE and from Solange McArthur and Robert Muller) were intended for the benefit of the Lane Evans campaign. These contributions were received by the Committee without any earmarking for a particular candidate or other understanding of how the funds would be used. The Committee used the funds in its sole discretion.

Complainant has not made out any violation of the campaign laws by the Committee, and we ask, therefore, that the complaint be dismissed.

Very truly yours,



Judith D. Corley
Counsel to Respondent

STATEMENT OF DESIGNATION OF COUNSEL

MUR 5031

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FIRM: Perkins Coie LLP

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The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

7/28/00
Date

Connie Engholm
Signature

17th District Victory Fund,
John Gianulis, Chairman;
Connie Engholm, Treasurer

RESPONDENT'S NAME: _____

ADDRESS: P.O. Box 4482

Rock Island, IL 61204

TELEPHONE: HOME(_____) _____

BUSINESS(_____) _____

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