

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of.

17<sup>th</sup> District Victory Fund and Linda  
Anderson, as treasurer

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**GENERAL COUNSEL'S BRIEF**

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**I. STATEMENT OF THE CASE**

This matter originated with a complaint filed by the Rock Island County Republican Central Committee that alleged that the 17<sup>th</sup> District Victory Fund ("the Victory Fund"), violated the Federal Election Campaign Act of 1971, as amended ("the Act")<sup>1</sup> The complaint alleged that in 1998 and 2000, the Victory Fund made excessive, in-kind contributions to Representative Lane Evans's principal campaign committee, Friends of Lane Evans ("the Evans Committee") The complaint also alleged that the Victory Fund used prohibited funds in connection with federal election activity. On August 27, 2002, the Commission found that there is reason to believe that the Victory Fund violated 2 U S C §§ 433(b)(2), 441a(f), 441b, 434(b), and 11 C.F.R. § 106.5(e).

The Office of the General Counsel has investigated the allegations, examined documents, and interviewed or deposed key witnesses in this matter<sup>2</sup> The facts discovered in this investigation have shown that the Victory Fund filed inaccurate reports with the Commission and did not comply with the Act's prohibitions and limitations on funds used in connection with federal elections These apparent violations arise from either of two alternative theories first, the Victory Fund and the Evans Committee are affiliated and exceeded a shared, single contribution limit; or second, the Victory Fund and the Evans Committee are not affiliated and the Victory Fund made excessive, in-kind contributions to the Evans Committee Based on

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<sup>1</sup> All of the facts relevant to these matters occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub L 107-155, 116 Stat 81 (2002) Accordingly, unless specifically noted to the contrary, all citations to the Act or statements of law regarding provisions of the Act contained in this report refer to the Act as it existed prior to the effective date of BCRA Similarly, all citations to the Commission's regulations or statements of law regarding any specific regulation contained in this report refer to the 2002 edition of Title 11, Code of Federal Regulations, published prior to the Commission's promulgation of any regulations under BCRA

<sup>2</sup> In response to the Commission's subpoenas, the Victory Fund and other respondents submitted thousands of pages of documents Documents relied upon in this Brief are cited as Exhibits, which were used in depositions taken in this matter A listing of Exhibits cited in this Brief, as well as their corresponding Bates numbers, can be found in Appendix C to this Brief

either theory, this Office intends to recommend that the Commission find probable cause to believe that the 17<sup>th</sup> District Victory Fund and Linda Anderson, as treasurer,<sup>3</sup> violated 2 U.S.C. §§ 433, 441a(f), 434, and 441b.

## II. SUMMARY OF THE RECORD

In the 1998 and 2000 general elections, Representative Lane Evans faced competitive, expensive, and high-profile challenges in the 17<sup>th</sup> Congressional District of Illinois, a seat to which he was first elected in 1982. In both elections, Rep. Evans received critical assistance from the 17<sup>th</sup> District Victory Fund, a political committee with federal and nonfederal accounts. Rep. Evans's campaign manager created the Victory Fund in 1997, a time when Rep. Evans said he faced "the political fight of my life."<sup>4</sup>

The Victory Fund, which is registered with both the Commission and the State of Illinois, purports to be a local party committee that assists all Democratic candidates in Rep. Evans's district. Yet the facts have shown that the Victory Fund has no relationship to the Democratic Party of Illinois and instead has functioned as an auxiliary of Rep. Evans's principal campaign committee. Between 1997 and 2000, the Victory Fund spent less than one half of one percent of its half-million dollar budget on direct disbursements to local candidates and committees. The remainder of the Victory Fund's expenditures were devoted to joint federal and nonfederal activities that benefited Rep. Evans. Overall, the evidence demonstrates that the Evans Committee used the Victory Fund to obtain hundreds of thousands of dollars in both federal and nonfederal funds that would have been prohibited or excessive if received by the Evans Committee itself.

<sup>3</sup> Ms. Anderson replaced the previous treasurer, Catherine Brunner, on April 4, 2003.

<sup>4</sup> Ex. 79 (brochure from Strategic Consulting Group, a consultant to the Victory Fund in 1998 and 2000, touting the benefits of its services to candidates).

The following factual background first explains how the Evans Committee created the Victory Fund. Second, it discusses how the Evans Committee helped the Victory Fund raise money. Third, it demonstrates how the Victory Fund conducted its activities in concert with the Evans Committee. Throughout this factual background, the following individuals and groups are prominently discussed:

- **Eric Nelson:** the full-time, year-round campaign manager and assistant treasurer for the Evans Committee who interacted with the Victory Fund on a daily basis,
- **Mimi Alschuler:** a longtime fundraising consultant to the Evans Committee who was also hired by the Victory Fund to be its fundraising consultant,
- **Connie Engholm:** a longtime volunteer to the Evans Committee who also served as treasurer of the Victory Fund,
- **John Gianulis:** the nominal chairman of the Victory Fund, and
- **Strategic Consulting Group:** the professional consulting company that the Victory Fund hired to administer professional field operations in the 17<sup>th</sup> Congressional District that were popularly known as “campaign schools.”

**A. The Victory Fund's Creation**

The Victory Fund's creation can be traced back to election night in 1996. From the moment the results were announced that night—with Rep. Evans's margin of victory lower than expected—the Evans Committee knew that the Republican Party would make Rep. Evans one of its top targets to unseat in 1998. *See Nelson Tr. at 106-07.* The Evans Committee's year-round campaign manager, Eric Nelson, immediately took action. He organized meetings with county chairmen, party leaders, and elected officials to analyze the last campaign and discuss what needed to be done for the upcoming election. *See Nelson Tr. at 66-68.* At these meetings, Mr. Nelson discussed methods to “help the local parties build stronger organizations so that Lane would be successful in the 1998 campaign and, additionally, to assist the state-wide

1 constitutional officer's nominees that would be running, as well " *Id.* at 108-9, *see also id.* at 70,  
2 77.

3 Mr. Nelson also shared information on "victory fund" organizations that he received from  
4 an attorney in the Washington, D.C. law firm of Perkins Coie ("Counsel"). *See Nelson Tr.* at  
5 319 After further discussions with Counsel and "interested parties," Mr. Nelson stated that a  
6 consensus was reached to form a "victory fund" in Rep. Evans's congressional district. *Id.* at 68  
7 Counsel later stated that she helped organize the Victory Fund by "patching together different  
8 rules and regulations that apply." Paul Merrion, *Democrats Threading a New Finance*  
9 *Loophole; Funneling Cash to "Victory Funds" Once Other Limits Are Hit*, CRAIN'S CHICAGO  
10 BUSINESS, Nov. 27, 2000 at 3

11 Eric Nelson selected local political activists to serve as officers of the Victory Fund. *See*  
12 *Nelson Tr.* at 312, *Gianulis Tr.* at 60; *Engholm Tr.* at 19 These nominal officers of the Victory  
13 Fund—Richard McCarthy, John Gianulis, and Connie Engholm—all denied participating in the  
14 decision to create the organization.<sup>5</sup> *See Gianulis Tr.* at 54-56, *Engholm Tr.* at 19 Rather, Mr.  
15 Gianulis and Ms. Engholm testified that it was Eric Nelson who first informed them of the  
16 Victory Fund. *Id.* (Mr. McCarthy, an attorney, stated that his only role in the Victory Fund was  
17 filing some initial paperwork, and he could not remember who asked him to do that )

18 The only other person involved with the Victory Fund at its inception is Mimi Alschuler,  
19 a longtime fundraising consultant to the Evans Committee whom the Victory Fund later hired as  
20 its fundraising consultant. Ms. Alschuler told this Office that she helped create the Victory Fund  
21 because Rep. Evans needed a method to raise money to get out the Democratic vote in his

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<sup>5</sup> Mr. McCarthy spoke to this Office via telephone

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1 district.<sup>6</sup> Ms. Alschuler explained that unlike nonfederal candidates in Illinois, Rep. Evans could  
2 not use his principal campaign committee to raise unlimited individual contributions or funds  
3 from unions. Ms. Alschuler also stated that the Evans Committee needed additional support in  
4 the district because the Democratic Party of Illinois ("the State Party") would not devote  
5 resources to his campaign. Finally, Ms. Alschuler noted that she, Eric Nelson, and Connie  
6 Engholm frequently consulted with Counsel because the FEC provided no guidance on how to  
7 operate a "victory fund."

8 On September 15, 1997, the 17<sup>th</sup> District Victory Fund registered with the State of Illinois  
9 as a local party organization. On June 18, 1998, the Victory Fund filed a statement of  
10 organization with the Commission, claiming to be a local party committee that was unaffiliated  
11 with the Democratic Party of Illinois.<sup>7</sup> From 1998 through 2000, the Victory Fund never  
12 received any funds or assistance from the State Party. See Ex 2B, Resp #5; Ex 2D, Resp #2,  
13 Engholm Tr. at 45.

14 **B. The Victory Fund's Financing**

15 Money for the Victory Fund was raised entirely by the Evans Committee and fundraiser  
16 Mimi Alschuler. See Nelson Tr. at 109-10, 120. The Evans Committee spearheaded the Victory  
17 Fund's fundraising: approximately three times a week, Rep. Evans wrote letters, made telephone  
18 calls, or appeared at events to raise money for the Victory Fund. See Nelson Tr. at 168-69. Both  
19 Mimi Alschuler and Eric Nelson solicited funds from individuals who had contributed the  
20 maximum to the Evans Committee. See *id.* at 168, 173.

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<sup>6</sup> Ms. Alschuler spoke to this Office via telephone.

<sup>7</sup> Connie Engholm stated that the decision to register the Victory Fund with the Commission was made after consulting with Eric Nelson and Counsel. See Engholm Tr. at 30-32.

During the 1997-1998 election cycle, the Victory Fund raised approximately \$66,000 in federal funds and approximately \$206,000 in nonfederal funds, according to FEC and Illinois disclosure reports. During the 1999-2000 election cycle, the Victory Fund raised approximately \$72,000 in federal funds and approximately \$163,000 in nonfederal funds. Over 95% of the Victory Fund's federal contributors also contributed to the Evans Committee, and a significant portion of the Victory Fund's nonfederal receipts consisted of donations from unions. Of the Victory Fund's total disbursements of approximately \$500,000 from 1998 through 2000, about \$488,000 was reported as joint federal and nonfederal activity, \$10,000 for federal activity, and \$2,000 for nonfederal activity.

Rep. Evans's personal involvement in financially supporting the Victory Fund can be seen in a letter to Fred Eychaner, who regularly contributed the maximum to the Evans Committee. In this May 20, 1998 letter on Victory Fund stationery, Rep. Evans introduced the Victory Fund as "a political organization designed to help federal and local candidates, as well as Democratic Party organizations run successful campaigns." Ex. 16; *see also* Nelson Tr. at 169-70. Rep. Evans also wrote that "the Victory Fund will plan [*sic*] an important role in numerous elections this year, from Senator Moseley-Braun and myself to the Governor's race and to several promising candidates for the state legislature." *Id.* The letter concluded with a request for a \$10,000 donation to the Victory Fund. *See id.* Not only did Mr. Eychaner donate \$10,000 to the Victory Fund soon after receiving this letter, but he continued to donate to the Victory Fund—a total of \$50,000 between 1997 and 2000.

Eric Nelson also wrote fundraising letters for the Victory Fund, again using Victory Fund stationery. One typical letter was to Larry Atkins, a member of a local ironworkers union. In this letter dated September 18, 1998, Mr. Nelson wrote

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1           The following is a request for your local to make a request to your international  
2 office for a "federal" contribution to the 17<sup>th</sup> District Victory Fund As you know, the  
3 17<sup>th</sup> District Victory Fund is a combination federal non-federal account which has been  
4 designed to help federal, state and local candidates in November's election **This**  
5 **organization will be instrumental in guaranteeing that Lane is re-elected** .

6           Eric Nelson  
7           Political Director  
8           Friends of Lane Evans

9 Ex. 17 (emphasis added). Less than two weeks after this letter was written, the Ironworkers  
10 Political Action League, which had previously contributed to the Evans Committee, made a  
11 contribution to the Victory Fund's federal account. Indeed, Mr. Nelson testified that he followed  
12 up with people whom he or Rep. Evans solicited to determine that they actually contributed to  
13 the Victory Fund. See Nelson Tr. at 172.

14           Fundraising appeals by Mr. Nelson and Rep. Evans continued during the 2000 election  
15 cycle. One typical letter is from Rep. Evans to Steve Neal, a member of a local union This  
16 letter, written on Victory Fund letterhead and dated May 26, 2000, reads:

17           Dear Steve:

18           You have been very generous in helping my campaign through the years and I  
19 appreciate all of your support. **Your union's decision to contribute the maximum**  
20 **contribution toward my general election so early this year has helped me**  
21 **considerably** in planning and budgeting for the remainder of the campaign

22           You were very generous in contributing in 1998 to the 17th District Victory Fund.  
23 As you know ... **the Victory Fund was instrumental in providing the grassroots**  
24 **support necessary for me to win. In 2000, the Victory Fund will once again be**  
25 **assisting my campaign.**

26           I am writing you today to ask for your union's financial support for the Victory  
27 Fund. ...

28           If you have any questions     please feel free to contact Mimi Alschuler at  
29           or Eric Nelson at

30           Thank you again for all of your past help and support ..

31           Lane Evans  
32           Member of Congress

33 Ex. 75 (emphasis added).

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In addition to writing letters, Rep. Evans also appeared at Victory Fund fundraising events. One such event was sponsored by the Illinois AFL-CIO and organized by Mimi Alschuler and Eric Nelson. *See* Nelson Tr. at 233. The invitation to this fundraiser, signed by the president of the Illinois AFL-CIO, focused almost exclusively on Rep. Evans. *See* Ex. 32. This invitation highlighted Rep. Evans's past support for union issues, noted that Rep. Evans's opponent was well financed, and stated, "One way we can help Lane's campaign is to contribute generously to the 17<sup>th</sup> District Democratic Victory Fund." *Id.* The letter explained that "[t]he Victory Fund is a federal/non-federal committee which was established in 1998 to assist all Democratic candidates. It provides for a massive field operation that may well have been the difference in Lane's close election in 1998." *Id.* The letter concluded by stating, "Contributions to the Victory Fund do not effect [*sic*] the limits of contributions to Lane's campaign." *Id.*

**C. The Victory Fund's Activities**

The Victory Fund's nominal chairman, John Gianulis, stated that he performed practically no work for the Victory Fund and identified Eric Nelson as the person who ran the organization. *See* Gianulis Tr. at 60-63. Likewise, the Victory Fund's officers did not identify any campaign other than the Evans Committee that assisted with the Victory Fund's operations. Eric Nelson estimated that he spoke with the officers of the Victory Fund on a daily basis, explaining that he assumed an unofficial leadership role in the organization. *See* Nelson Tr. at 99, 143, 217. Mr. Nelson stated that he offered his advice on the Victory Fund's activities, as well as contacted vendors on the Victory Fund's behalf. *See* Nelson Tr. at 99, 269. For example, Mr. Nelson recommended that the Victory Fund hire Mimi Alschuler, the Evans Committee's lead fundraiser, to be its fundraising consultant. *See* Nelson Tr. at 121.

In addition to Mimi Alschuler, the Victory Fund and the Evans Committee have shared other consultants and vendors. Emma Cheuse, an election day consultant for get-out-the-vote

activities; Review Printing Company, which printed various campaign literature; Compass Media Group, a direct mail consultant; and Perkins Coie, the Washington, D.C. law firm that helped the Evans Committee create the Victory Fund. According to Connie Engholm, Mr. Nelson was the only person who recommended vendors to the Victory Fund. See Engholm Tr. at 177-78.

The Victory Fund's self-described goal is to "help federal, state and local candidates, as well as Democratic Party organizations in Western Illinois, run successful campaigns." Ex. 23 During the 1998 and 2000 election cycles, the Victory Fund hired a number of vendors and consultants to conduct voter identification and get-out-the-vote activities, including field operations, direct mail, and telephone calls. The Victory Fund's activities ranged from generic support for the Democratic Party to specific advocacy on behalf of named candidates. Compare Ex. 19 (generic GOTV mailer) with Ex. 44 (telephone script urging people to vote for specific candidates).

The Victory Fund disbursed more money to Strategic Consulting Group, Inc. ("SCG") in 1998 and 2000 than to any other vendor—more than \$200,000 over the two election cycles. SCG specializes in organizing and administering professional, high-intensity field operations, popularly known as "campaign schools."<sup>8</sup> Ex. 58 These campaign schools, which are geared toward congressional campaigns, train young individuals to work as full-time field organizers for minimal compensation. See *id.* The goal of SCG's campaign schools is to identify Democratic voters and mobilize them to vote for Democratic candidates on Election Day. See Ex. 2C, Resp. #2.

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<sup>8</sup> The campaign school concept originated in the 9<sup>th</sup> Congressional District of Illinois for Jan Schakowsky's 1998 primary election. Rep. Schakowsky is married to SCG partner Robert Creamer. This Office interviewed Mr. Creamer in person, and he said that he has known Rep. Evans for over 20 years and considers him a good friend.

SCG's campaign school in the 17<sup>th</sup> Congressional District performed essentially similar services in 1998 and 2000: it provided for a field operation staffed by approximately 15 field organizers, one field director, and one election day coordinator. All of these participants were SCG employees, not volunteers for any political organization, according to SCG's president, Robert Creamer. The full-time field organizers were recruited nationwide and paid \$100 per week for living expenses. These field organizers were assigned to various offices throughout the district and reported to the field director, who also worked full-time in the district. The field director was paid approximately \$1,500 per week and reported to SCG's senior staff in Chicago, who visited the district on a weekly basis.

Various SCG employees who worked in the 17<sup>th</sup> District campaign schools stated that the School worked to benefit all Democratic candidates in the District.<sup>9</sup> The field directors in 1998 and 2000, Sean Bertram and Genie Dunn respectively, both emphasized that the campaign schools did not specifically focus on the Evans Committee. Although the School did indeed benefit other candidates and party committees in the 17<sup>th</sup> Congressional District, some field organizers stated that they spent more time assisting the Evans Committee than other campaigns. For example, James Reed, a 1998 field organizer, estimated that 70% of the Campaign School was focused on Rep. Evans. Likewise, Yvette Hayes, a 2000 field organizer, stated that the School devoted more effort to Rep. Evans than to other candidates.

Rep. Evans's prominence in the Campaign School can be seen in the welcome letter that Genie Dunn sent to the field organizers in 2000, which states in part

**You have signed up for an excellent campaign experience! I'm very excited about being your field director and working on Lane's campaign—he's an excellent candidate**

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<sup>9</sup> This Office interviewed the following former SCG employees via telephone: Sean Bertram, Genie Dunn, James Reed, and Yvette Hayes.

1           The campaign school is actually being set-up under the 17<sup>th</sup> District Victory  
2 Fund—although, **our main focus will be to help Lane get re-elected**—you will also  
3 have an opportunity to work for all the Democratic candidates on the ticket. This is an  
4 excellent opportunity and you will even have a chance to do GOTV on the Presidential  
5 level.

6           **Congressman Evan's [sic] along with his campaign staff is very excited about**  
7 **your arrival in his district.** But we have some very big shoes to fill. The campaign  
8 school did an excellent job in assuring that he was re-elected in 1998.

9 Ex. 54 (emphasis added).

10           Ms. Dunn later played down her sentence about Lane Evans being the focus of the  
11 School, saying it was mere puffery designed to motivate the field organizers Yet many other  
12 documents illustrate the significance of Rep Evans to the Campaign School.

- 13           • an internal SCG memo on voter targeting discusses only Rep Evans, *see* Ex 55,  
14           • a memo from Ms. Dunn to field organizers regarding voter registration states that  
15            "It's important that we put together an [sic] time effective, aggressive effort to boast  
16           [sic] the number of Democratic Voters on Election Day. THIS IS ONE OF THE  
17           KEYS TO HELPING LANE GET RE-ELECTED!" *see* Ex 74;  
18           • an SCG flyer entitled "Countdown to Victory" states in large print, "It's time—to  
19           kick a little Mark Baker ass!!!!" (Mark Baker was Rep Evans's opponent), *see* Ex  
20           72;  
21           • SCG employees used Rep Evans's form constituent letters, which discussed Rep  
22           Evans's positions on subjects ranging from health care to gun control, *see* Ex. 43;  
23           • a memo written by Ms. Dunn following the 2000 campaign to suggest future  
24           improvements was addressed to the Evans Committee but not to any other candidate,  
25           *see* Ex. 46;  
26           • SCG's own promotional materials refer to its 1998 effort as the "Lane Evans  
27           Campaign School," *see* Ex 24; and  
28           • an internal document from a nonfederal candidate's 2000 campaign states, "**The**  
29           **Evans campaign** will reportedly have an aggressive field operation throughout the  
30           17th Congressional District as part of **their** 'Victory Fund' operation. The 'Victory  
31           Fund' will have paid canvassers and organizers in the field working full time **The**  
32           **Evans campaign** has agreed to coordinating our efforts and including the Kilbride  
33           message at the doors and in volunteer phone banks Although **the Evans operation**  
34           represents a potential benefit to Kilbride, we must be cautious in relying on **the**  
35           **Evans operation** too heavily," *see* Ex 66 (emphasis added)

According to all parties, the Campaign School spent a great deal of time identifying Democratic voters, whether by walking door-to-door or by making telephone calls. When going door-to-door, the field organizers handed out campaign literature that they received from candidates' committees and asked individuals if they planned on voting for certain candidates. The following script is typical in that it asked about Rep. Evans and two nonfederal candidates and included advocacy material for Rep. Evans that did not appear for the other two candidates

Hello, my name is \_\_\_\_\_, I'm a volunteer for the Democratic Party. How are you doing today?

**In the upcoming November election, Do you plan to vote for Congressman Lane Evans?**

IF UNDECIDED—Lane has been fighting hard for us in Washington to pass HMO reform, an increase in the minimum wage. He has fought hard to add quality teachers and reduce class sizes and will continue to fight to protect social security and Medicare

Are there any issues that are important to you that we can send you some information on? (Write down issue so follow-up can be sent!) (Also, give them literature)

IF ANSWER "NO"—move to next ID

IF ANSWER "YES"—Great, would you be interested in helping out the campaign?

**Are you familiar with State Supreme Court Candidate Tom Kilbride?**

ANSWER "YES"—Do you also plan to support Tom in the upcoming election?

ANSWER "UNDECIDED" OR "NO"—Move to next ID

**Are you familiar with Circuit Court Judge Candidate Mark Vandewiele?**

ANSWER "YES"—do you also plan to support Mark in the upcoming election?

Thank you for your time. Have a good evening.

Ex 42 (emphasis in original). These Victory Fund voter ID scripts were reviewed by Eric Nelson and other campaign managers of major candidates being mentioned. See Ex. 2C, Resp #4

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1 During the weeks before Election Day in 1998 and 2000, SCG added a full time election  
2 day consultant to the Campaign School, as the focus of the School shifted from identifying  
3 supportive voters to mobilizing them to vote on Election Day. The Victory Fund leased out  
4 phones so the field organizers could arrange volunteer phone banks. Additionally, the Victory  
5 Fund supplemented the Campaign School's efforts by hiring SCG to perform professional  
6 telemarketing calls. *See* Ex. 25 (proposal from SCG to the Victory Fund) Some of these calls  
7 involved elected officials, including Lane Evans, issuing a tape-recorded message "Hi, this is  
8 Lane Evans. I'm just calling to remind you that today's Election Day. Please go to the polls to  
9 vote for me, Al Gore, Tom Kilbride and all the Democratic Candidates. Thank you." Ex. 44.

10 The Evans Committee regularly interacted with SCG employees in the district, who  
11 assisted with Rep. Evans's fundraising events and rallies on a weekly basis. *See* Nelson Tr at  
12 144, 194-95. SCG employees stated that although they worked with Mr. Nelson in his capacity  
13 as campaign manager for the Evans Committee, he had no official role in the Campaign School  
14 and they did not report to him. Eric Nelson testified that in addition to interacting with SCG  
15 employees, he also spoke to SCG's owners approximately once a week to discuss SCG's  
16 services to the Victory Fund. *See* Nelson Tr. at 144.

17 Mr. Nelson also interacted with SCG on behalf of the Victory Fund In 1998, Mr. Nelson  
18 referred SCG to the Victory Fund after he determined that the Evans Committee could not afford  
19 SCG's services. *See* Nelson Tr. at 90-91, 97. In 2000, Mr. Nelson wrote a memo to SCG's  
20 partners in which he expressed his concerns with SCG's services to the Victory Fund, requested  
21 a greater role in its operations, and inquired about contract negotiations for the upcoming  
22 election's Campaign School. *See* Ex. 38. Mr Nelson concluded this memo by stating, "The  
23 Victory Fund will not sign a 2000 cycle contract until these concerns are addressed

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satisfactorily.” *Id.* Mr. Nelson later explained that if his concerns were not addressed, the Evans Committee would have ceased its role as lead fundraiser for the Victory Fund and the Victory Fund would thus not have had sufficient funding to pay for SCG’s services. *See Nelson Tr.* at 251-52.

**III. THE VICTORY FUND FILED AN UNTIMELY AND INACCURATE STATEMENT OF ORGANIZATION**

When the Victory Fund was created in the summer of 1997, its purported purpose was to assist both federal and nonfederal candidates in the 17<sup>th</sup> Congressional District of Illinois. *See Engholm Tr.* at 20; *Nelson Tr.* at 69-70. Although the Victory Fund registered with the State of Illinois in September 1997, it did not file a statement of organization with the Commission until June 1998. In both registrations, the Victory Fund claimed to be a local party committee. The evidence has shown, however, that the Victory Fund is not a bona fide party committee. Additionally, the facts have shown that the Victory Fund failed to timely file its statement of organization with the Commission.

Well before the Victory Fund registered with the Commission in June 1998, it established a federal bank account. *See Ex. 2B, Resp. #32* (account no 050-9582-4), *Ex. 77; see also 11 C F R. § 102.5.* In February 1998, that federal account’s balance was \$12,584.26.<sup>10</sup> *See Ex. 77.* The existence of this federal account comports with testimony that the Evans Committee raised funds for the Victory Fund in 1997 by telling potential donors that their contributions would be used in part to support Rep. Evans’s candidacy. *See Nelson Tr.* at 80-81. A committee that receives contributions aggregating \$1,000 during a calendar year becomes a political committee and must file a statement of organization with the Commission within ten days. *See*

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<sup>10</sup> This balance is taken from a March 1998 bank statement, which is the date of the earliest bank statement produced by the Victory Fund.



1 2 U.S.C. §§ 431(4) and 433(a). Consequently, the Victory Fund should have filed a statement of  
2 organization with the Commission no later than February 1998, when its federal account balance  
3 exceeded \$12,000.

4 When the Victory Fund belatedly registered with the Commission in June 1998, it  
5 incorrectly characterized itself as a local party committee. A party committee “means a political  
6 committee which represents a political party and is part of the official party structure at the  
7 national, State, or local level.” 11 C.F.R. § 100.5(e)(4) A subordinate party committee is “any  
8 organization which is responsible for the day-to-day operation of the political party at the level  
9 of city, county, neighborhood, ward, district, precinct, or any other subdivision of a State .”

10 11 C.F.R. § 100.14(b). The Victory Fund is neither part of the official party structure nor  
11 responsible for the day-to-day operations of the Democratic Party of Illinois (“the State Party”)  
12 in the 17<sup>th</sup> Congressional District.

13 The Victory Fund admits that it has “had no relationship to the State Party at any time ”

14 Ex. 2B, Resp. #5. In fact, one reason for the Victory Fund’s creation was to ensure that  
15 candidates would not need to depend on the State Party for campaign assistance <sup>11</sup> *Id* at Resp.  
16 #1. The State Party similarly denies any relationship to the Victory Fund, stating that its  
17 chairman and treasurer did not even know of the Victory Fund’s existence until the complaint  
18 was filed in this matter. *See* Ex 78, pp 9-10 In fact, the Victory Fund has never received any  
19 funds or assistance from the State Party. *See* Ex 2B, Resp #5, Engholm Tr at 45 Thus, the  
20 Victory Fund was not part of the “official party structure” in Illinois 11 C F R § 100 5(e)(4).

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<sup>11</sup> The State Party supposedly maintained little presence in the 17<sup>th</sup> Congressional District due to past disagreements between its chairman and Rep Evans *See* Nelson Tr at 62-63 The State Party, for example, excluded the 17<sup>th</sup> Congressional District from its 2000 statewide coordinated campaign program because Rep Evans chose to pursue his own coordinated campaign in his district (the State Party did not administer a coordinated campaign in 1998) *See* Ex 65, pg 3, Ex 2D, Resp #4

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1 The Victory Fund also was not responsible for the day-to-day operation of the  
2 Democratic Party in the area. Rather, the local county parties fulfilled that task<sup>12</sup> For example,  
3 the local Democratic Party in Rock Island County, which has existed for decades, consists of 120  
4 precinct committee chairpersons who meet on a regular basis See Gianulis Tr at 20-24 Every  
5 two years, these Rock Island Committee members elect the party chairman, who then appoints  
6 the chairwoman, secretary, and treasurer. See *id* By contrast, the Victory Fund does not have  
7 members, does not hold regular meetings, does not maintain a permanent office in the district,  
8 and does not have a formal process for selecting its officers, who consist only of a chairman and  
9 treasurer. See Nelson Tr. 88-89, 305-11; Engholm Tr at 39, 147; Gianulis Tr. at 59-60, 64

10 While it might be possible for a state or local party organization to create an entity such  
11 as the Victory Fund within the party structure, that was not the case here<sup>13</sup> The Victory Fund  
12 cannot qualify as a local party committee solely because it checked the corresponding box on its  
13 statement of organization with the Commission. Therefore, because the Victory Fund filed a  
14 late, inaccurate statement of organization, this Office intends to recommend that the Commission  
15 find probable cause to believe that it violated 2 U.S.C. § 433

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<sup>12</sup> These county party committees are part of the official party structure For example, the constitution of the State Party provides that delegates to the state convention shall be selected by county chairmen See Ex 80, Article VIII In fact, county party chairmen also compose the Democratic County Chairmen's Association, which exists "[t]o bind together the duly-elected Democratic County Chairmen into one comprehensive unit in the State of Illinois which shall affiliate with the [State Party]" Ex 81 (Constitution of the Association, Article II), see also Gianulis Tr at 70-72 The Victory Fund does not belong to any similar association

<sup>13</sup> Illinois law states that party committees organized by congressional district "shall be composed of the chairmen of the county central committees of the counties composing the congressional district" ILL COMP STAT ANN CH 10 § 5/7-8 (West 2003) Yet the Victory Fund was not composed of the chairmen of the county central committees in Rep Evans's district In fact, only one of the fourteen county party chairmen in the 17<sup>th</sup> Congressional District, John Gianulis, had a formal role in the Victory Fund Thus, even under Illinois law, the Victory Fund does not qualify as a local party committee

IV. THE EVANS COMMITTEE ESTABLISHED, FINANCED, MAINTAINED AND CONTROLLED THE VICTORY FUND

Beginning in 1997 and continuing through 2000, the Evans Committee cultivated the Victory Fund, helping it bloom into a full-fledged secondary campaign committee. Acting through Eric Nelson, with the assistance of Mimí Alschuler and Counsel, the Evans Committee operated the Victory Fund as a vehicle to raise otherwise prohibited and excessive funds to benefit Rep. Evans. This is precisely the type of situation Congress sought to address when it added the affiliation provision to the Act in 1976—preventing groups involved in federal elections from circumventing contribution limits by proliferating their number of political committees. *See* H R CONF. REP NO 94-1057, at 58 (1976).

An investigation has shown that the Victory Fund is not a bona fide local party committee but rather an entity established, financed, maintained, and controlled by the Evans Committee. *See* 2 U.S.C. § 441a(a)(5). Furthermore, an analysis of the regulatory indicia of affiliation shows how the Evans Committee and the Victory Fund functioned as one entity designed to support Rep. Evans's reelection campaigns. *See* 11 C.F.R. § 100.5(g)(4)(ii)(A)-(J). Specifically, as detailed below, the Evans Committee created the Victory Fund and selected its officers; the Evans Committee shared common officers and consultants with the Victory Fund, the Evans Committee financed the Victory Fund; and the Evans Committee maintained and controlled the Victory Fund.

A. The Evans Committee Established the Victory Fund and Selected the Victory Fund's Officers

The Evans Committee's primary role in forming the Victory Fund is the first indication that it is affiliated with the Victory Fund. *See* 11 C.F.R. § 100.5(g)(4)(ii)(I). Specifically, an investigation has shown that Rep. Evans's campaign manager, Eric Nelson, conceived of and created the Victory Fund.

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1 First, Mr. Nelson admitted that he proposed creating a “victory fund” after learning about  
2 the concept from Counsel. *See* Nelson Tr. at 319. Second, although Mr. Nelson claims to have  
3 consulted with hundreds of local political leaders about the possibility of creating the Victory  
4 Fund, he could identify only two local political activists whom he claimed regularly attended  
5 meetings with him about its creation. John Gianulis and Connie Engholm. *See* Nelson Tr. at 76-  
6 77. Yet both Mr. Gianulis and Ms. Engholm explicitly denied that they were involved in the  
7 decision to create the Victory Fund. *See* Gianulis Tr. at 54-56, Engholm Tr. at 19. Instead, they  
8 testified that Eric Nelson informed them about the decision to create the Victory Fund, and  
9 neither Mr. Gianulis nor Ms. Engholm could identify anyone other than Mr Nelson who created  
10 the Victory Fund. *Id.*

11 In addition to establishing the Victory Fund, Mr. Nelson also selected each and every  
12 officer of the organization, which further demonstrates that the Evans Committee is affiliated  
13 with the Victory Fund. *See* 11 C.F.R. § 100 5(g)(4)(ii)(C). Mr Nelson asked the first chairman  
14 of the Victory Fund, Richard McCarthy, to serve in that capacity. *See* Nelson Tr at 312  
15 Likewise, John Gianulis testified that he became chairman of the Victory Fund only after Mr  
16 Nelson asked him to serve.<sup>14</sup> *See* Gianulis Tr. at 60 Additionally, Mr Nelson also recruited  
17 Connie Engholm to serve as treasurer of the Victory Fund, even though she had misgivings about  
18 serving in the position. *See* Engholm Tr. at 19, 21, Nelson Tr at 312. Ms Engholm initially  
19 declined to be treasurer because, “We didn’t know anybody who had done this.” Engholm Tr at  
20 21. Mr. Nelson eventually persuaded her to be treasurer because the Victory Fund needed  
21 someone familiar with federal reporting requirements, and she had assisted the Evans Committee  
22 in years past with filing reports to the Commission *See* Engholm Tr at 21, Nelson Tr at 73-74.

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<sup>14</sup> Mr Nelson does not specifically remember asking Mr Gianulis to become chairman, stating that “it just sort of kind of organically happened ” Nelson Tr at 312-15

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1 The officers of the Victory Fund could not identify anyone other than Eric Nelson who  
2 formed the Victory Fund and selected its officers. Similarly, one of the Victory Fund's  
3 employees in 1998, Jill Hinrichs, stated that she was interviewed and hired by a member of Rep.  
4 Evans's staff.<sup>15</sup> Therefore, the Evans Committee's role in forming the Victory Fund, selecting  
5 its officers, and hiring its employees further supports the conclusion that the two committees are  
6 affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(I) and (C).

7 **B. The Evans Committee and the Victory Fund Shared Common Officers and**  
8 **Consultants**

9 The Evans Committee also used at least four common officers and consultants to  
10 coordinate and control the Victory Fund's activities, which further indicates that the two  
11 committees are affiliated when viewed in the totality of the circumstances. *See* 11 C F R.  
12 § 100.5(g)(4)(ii)(E). First, Eric Nelson effectively served as an officer of the Victory Fund at the  
13 same time he was an officer of the Evans Committee. Although Mr. Nelson testified that he held  
14 only an unofficial leadership role in the Victory Fund, in which his advice was solicited and in  
15 which he offered his opinion on Victory Fund activities, the evidence has shown that his role  
16 exemplifies that of an officer. *See* Nelson Tr. at 99. Mr. Nelson not only formed the Victory  
17 Fund and selected its officers, but he also raised money for the Victory Fund, selected its  
18 vendors, and helped direct its activities.<sup>16</sup> *See* Nelson Tr at 66-68, 167-68, 121, 172-73, 267-69,  
19 Exs. 6, 35, and 38. Accordingly, Mr Nelson's concurrent service as an officer of both the Evans

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<sup>15</sup> This Office spoke to Ms Hinrichs via telephone

<sup>16</sup> Mr Nelson's status as an officer of the Victory Fund can also be seen during his deposition, when he repeatedly invoked the attorney-client privilege in response to questions about the Victory Fund and the advice it received from Counsel *See* Nelson Tr at 82, 83, 243, 322, 323, 324, 326, and 334 Mr Nelson claimed that he understood that his conversations *with the Victory Fund's attorney* would be confidential *See* Nelson Tr at 337 By claiming the right to have privileged conversations with the Victory Fund's counsel, Mr Nelson held himself out as an officer or agent of the Victory Fund

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Committee and the Victory Fund is further evidence of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(E).

Second, Mimi Alschuler simultaneously served as the primary fundraiser for both the Victory Fund and the Evans Committee. Ms. Alschuler had led the Evans Committee's fundraising efforts for years, and she was later hired to run the Victory Fund's fundraising operations. Eric Nelson referred Ms. Alschuler to the Victory Fund.<sup>17</sup> *See* Nelson Tr. at 121. While Ms. Alschuler worked for both the Evans Committee and the Victory Fund, Mr. Nelson regularly discussed the Victory Fund's fundraising efforts with her. *See* Nelson Tr. at 173. In fact, Mr. Nelson testified that he encouraged Ms. Alschuler to have the Victory Fund solicit funds from people who had contributed to Rep. Evans. *Id.* at 173, 207-08. Her dual role as fundraiser for the Victory Fund and the Evans Committee further shows how the two committees are affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(E) and (H).

Third, Connie Engholm, the Victory Fund's treasurer, also has longstanding ties to the Evans Committee. For over fifteen years, Ms. Engholm regularly assisted Rep. Evans with his campaigns. Her duties ranged from filing federal disclosure reports to stuffing envelopes to working phone banks. *See* Engholm Tr. at 21-22, 53-54. Ms. Engholm continued this assistance while she served as treasurer of the Victory Fund, which provides further evidence of affiliation between the Evans Committee and the Victory Fund. *See* 11 C.F.R. § 100.5(g)(4)(ii)(E).

Fourth, Counsel provided the Evans Committee with information on "victory fund" organizations and helped organize the Victory Fund. *See* Nelson Tr. at 319, *see also* Paul Merrion, *Democrats Threading a New Finance Loophole*, CRAIN'S CHICAGO BUSINESS, Nov. 27,

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<sup>17</sup> Ms. Alschuler told this Office that before she signed a contract with the Victory Fund, she raised concerns with Counsel about working for both the Evans Committee and the Victory Fund and also about possible conflicts in raising federal and nonfederal funds from contributors to the Evans Committee. Ms. Alschuler's concerns about the intertwined nature of her work assignment further evidences the how the Evans Committee used the Victory Fund as its own fundraising vehicle.

2000 at 3. Eric Nelson stated that he first contacted Counsel in 1997, and, in fact, the Evans Committee itemized a disbursement of \$543.50 to Counsel's Washington, D.C. law firm on July 2, 1997. Eric Nelson stated that the law firm did not otherwise represent the Evans Committee at the time, and the Evans Committee's disclosure reports show no other disbursements to that firm in 1997. *See* Nelson Tr. at 319-20. The Victory Fund did not report any expenditures to that law firm on either its state or FEC reports until September 1998. Thus, in addition to sharing Counsel, the Evans Committee appears to have paid the Victory Fund's initial legal bills, which provides further evidence of affiliation <sup>18</sup> *See* 11 C.F.R. § 100.5(g)(4)(ii)(G).

**C. The Evans Committee Financed the Victory Fund**

From the moment the Victory Fund first came into existence, the Evans Committee ensured that the Victory Fund maintained sufficient funds to conduct activities that benefited Lane Evans. Indeed, the Evans Committee led the Victory Fund's fundraising efforts—writing letters, making phone calls, and sponsoring events—which further shows how the two committees are affiliated. *See* 11 C.F.R. § 100.5(g)(4)(ii)(H); Nelson Tr. at 251-52. Moreover, no candidate or organization other than Rep. Evans and the Evans Committee solicited funds for the Victory Fund, according to fundraiser Mimi Alschuler. As Ms. Alschuler explained, nonfederal candidates had no incentive to raise money for the Victory Fund, unlike Rep. Evans, nonfederal candidates could directly accept union funds and large contributions from individuals

**1. The Evans Committee solicited funds for the Victory Fund**

Eric Nelson testified that as soon as the Victory Fund was created, the Evans Committee assisted it with fundraising by informing individuals and organizations that they could assist Rep. Evans and other Democratic candidates by financially supporting the Victory Fund. *See* Nelson

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<sup>18</sup> This law firm represents both the Evans Committee and the Victory Fund in this matter

1 Tr. at 80. Rep. Evans solicited contributions for the Victory Fund on average “a few times a  
2 week.” Nelson Tr. at 168-69, 251. Mr. Nelson explained that this fundraising occurred “on a  
3 regular basis from the week after the end of the last campaign ” *Id* at 169. Thus, Rep Evans  
4 solicited donations to the Victory Fund on a year-round basis.

5 The record is replete with specific examples of Rep. Evans’s fundraising efforts on behalf  
6 of the Victory Fund. *See* Exs. 16, 17, 32, 33, 75 (letters from the Evans Committee soliciting  
7 funds for the Victory Fund). While the Evans Committee’s fundraising letters speak of the  
8 Victory Fund’s general assistance to all Democratic candidates, they also single out Lane Evans.  
9 For example, one letter from Eric Nelson noted that the Victory Fund “will be instrumental in  
10 guaranteeing that Lane is re-elected.” Ex. 17. Another letter from Rep. Evans thanked a  
11 contributor for giving the maximum federal contribution to his campaign committee and asked  
12 for additional money for the Victory Fund, which he noted “was instrumental in providing the  
13 grassroots support necessary for me to win [in 1998].” Ex 75.

14 In addition to writing letters, Rep Evans appeared at a number of fundraisers for the  
15 Victory Fund. These fundraisers ranged from small coffees in the 17<sup>th</sup> District to larger  
16 gatherings outside of the District. *See* Nelson Tr. at 179-80 For example, the AFL-CIO  
17 sponsored a fundraising event for the Victory Fund that was held in Chicago. This fundraiser  
18 was organized by Mimi Alschuler in consultation with Eric Nelson. *See id* at 233-34 The  
19 invitation to the event prominently noted that people can assist Rep. Evans’s campaign by  
20 donating to the Victory Fund and that donations to the Victory Fund do not affect contribution  
21 limits to the Evans Committee. *See* Ex 32.

22 Overall, the Evans Committee effectively used the Victory Fund as its own nonfederal  
23 fundraising vehicle to circumvent the Act’s contribution limits Rep Evans is the only candidate

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1 who raised money for the Victory Fund and the only candidate prominently featured in its  
2 solicitations. Therefore, there can be no dispute that the Evans Committee arranged for funds to  
3 be provided to the Victory Fund on an ongoing basis, which is evidence of affiliation. *See*  
4 11 C.F.R. § 100.5(g)(4)(ii)(H). Additionally, because Mr. Nelson was a paid staff member of the  
5 Evans Committee, and because Mr. Nelson devoted substantial time to the Victory Fund's  
6 fundraising efforts, the Evans Committee thus indirectly paid for the Victory Fund's  
7 administrative and fundraising expenses, which is further evidence of affiliation. *See* 11 C.F.R.  
8 § 100.5(g)(4)(ii)(G).

9 **2. The same contributors who gave to the Victory Fund also gave to the**  
10 **Evans Committee**

11 Affiliation may also be evidenced when two committees have a similar pattern of  
12 contributions. *See* 11 C.F.R. § 100.5(g)(4)(ii)(J). Not surprisingly, the Victory Fund and the  
13 Evans Committee have a similar pattern of contributions. From 1998 through 2000, over 95% of  
14 the Victory Fund's federal contributors also gave to the Evans Committee. As detailed in  
15 Appendixes A and B to this Brief, many individuals and committees who gave to Victory Fund's  
16 federal and nonfederal accounts had also contributed the maximum to the Evans Committee.

17 The high correlation between persons who contributed to the Victory Fund and those who  
18 also gave to the Evans Committee is no coincidence. Mr. Nelson admitted that he informed  
19 Evans Committee contributors—whom he knew had given the maximum under law to the Evans  
20 Committee—that they could still assist Rep. Evans by giving to the Victory Fund. *See* Nelson  
21 Tr. at 168. Likewise, Mimi Alschuler stated that she contacted individuals who were supportive  
22 of Rep. Evans and asked them to contribute to the Victory Fund. These solicitations and similar  
23 patterns of contributions not only demonstrate additional evidence of affiliation, but they show

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1 that the Evans Committee used the Victory Fund to circumvent the Act's contribution limits. *See*  
2 11 C.F.R. § 100.5(g)(4)(ii)(J).

3 **D. The Evans Committee Maintained and Controlled the Victory Fund**

4 The Evans Committee also had a significant role in governing the Victory Fund, yet  
5 another factor probative of affiliation. *See* 11 C.F.R. § 100.5(g)(4)(ii)(B). The evidence shows  
6 that the nominal officers of the Victory Fund had little to no involvement in its operations.  
7 Rather, the Evans Committee played the central role in the Victory Fund's decision-making  
8 process. Specifically, Rep. Evans's campaign manager, Eric Nelson, controlled the Victory  
9 Fund with assistance from the Evans Committee's fundraiser and the Victory Fund's attorney.

10 **1. The officers of the Victory Fund played only a minimal role in its**  
11 **governance**

12 The Victory Fund's initial chairman, Richard McCarthy, represented to this Office that he  
13 had no role in the Victory Fund other than filing some initial paperwork and being listed on the  
14 Victory Fund's Illinois statement of organization. When asked what activities the Victory Fund  
15 undertook, Mr. McCarthy stated that he could only speculate because he was not at all involved  
16 in the operations of the organization. Even Eric Nelson could not recall any decision Mr.  
17 McCarthy made for the Victory Fund, and he conceded that Mr McCarthy's role was "very  
18 limited " Nelson Tr. at 143-44, 312. Connie Engholm, the Victory Fund's treasurer, also  
19 confirms this account, stating that Mr McCarthy did not have any responsibilities as chairman.  
20 *See* Engholm Tr. at 38-39.

21 The Victory Fund's subsequent chairman, John Gianulis, played a similarly minor role in  
22 the Victory Fund, as demonstrated by his own testimony.

23 I think originally I might have been the chairman of the committee but I never had any  
24 active role really outside of the chairman of the committee . I believe Eric [Nelson]  
25 asked me if I would serve as a chairman. I told him I would And that was about it. ... I

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1 really paid very little attention to the Victory Fund to be quite frank. I was consumed  
2 with my position in the party which consumed most of my time politically  
3 Gianulis Tr. at 60-61.<sup>19</sup>

4 Indeed, Mr. Gianulis knew practically no details about the Victory Fund's activities: he  
5 did not know who the other officers were, he did not know if the Victory Fund had an office, he  
6 did not know if the Victory Fund had employees; he did not know who made decisions on how  
7 the Victory Fund spent its money; and he did not know what activities the Victory Fund  
8 undertook *Id.* at 63-65. Most tellingly, when Mr. Gianulis was asked who was in charge of the  
9 Victory Fund, he responded that Eric Nelson played the major role *Id.* at 63 As Mr. Gianulis  
10 himself summarized, "I did nothing. ... I may have signed some papers. I don't know. But it  
11 certainly wasn't nothing like my position as the county chairman where I was really involved  
12 and a participant."<sup>20</sup> *Id.* at 65. Connie Engholm confirms Mr. Gianulis's limited role in the  
13 Victory Fund. *See Engholm Tr.* at 61.

14 Other than Mr. Gianulis and Mr. McCarthy, the only other officer of the Victory Fund  
15 was Ms. Engholm, the treasurer. She testified that her responsibilities were primarily devoted to  
16 depositing funds, paying bills, and completing disclosure reports *See Engholm Tr.* at 41, 112  
17 Ms. Engholm also made purchases on behalf of the Victory Fund. *Id.* at 77. Ms Engholm  
18 explained that she performed her duties for the Victory Fund outside of her regular 40 to 60 hour  
19 workweek for a local company *Id.* at 68. Although Ms Engholm regularly contacted the

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<sup>19</sup> This was not the only instance where Mr Nelson asked Mr Gianulis to lend his name to a project Mr Nelson also asked Mr Gianulis to serve as a signatory on the Evans Committee's banks accounts, in case of an emergency *See Nelson Tr.* at 161-62, Ex 14 (Evans Committee bank statement listing Messrs Gianulis and Nelson as "owners" of the account)

<sup>20</sup> Mr Gianulis is referring to his position as chairman of the Rock Island County Democratic Central Committee ("the Rock Island Committee") During his deposition, in sharp contrast to his answers about the Victory Fund, Mr Gianulis provided detailed answers to questions about the Rock Island Committee, such as who has served as officers, the process for expending funds, where records are kept, and specific descriptions of the Rock Island Committee's activities *See Gianulis Tr.* at 19-45 Mr Gianulis spent 40 hours per week working for the Rock Island Committee *See Ex 2A, Resp #7*

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1 Victory Fund vendors, she did not know who hired employees for the Victory Fund, did not  
2 know who rented office space for employees (she worked from her home), and did not know  
3 who hired certain consultants and vendors who worked for the Victory Fund. *Id* at 63, 70, 164-  
4 66, 176. Ms. Engholm's full-time employment outside of the Victory Fund, combined with the  
5 extremely limited role of Mr. Gianulis and Mr. McCarthy, demonstrate that the officers of the  
6 Victory Fund exercised no meaningful control over its operations.

7 **2. The Evans Committee directed the Victory Fund's operations**

8 Eric Nelson worked closely with the Victory Fund's nominal officers to administer and  
9 maintain the Victory Fund. For example, Ms. Engholm consulted with Eric Nelson regarding  
10 her responsibilities for the Victory Fund. *See Engholm Tr.* at 31-32, 77, 141, 177. These  
11 consultations included discussions ranging from the Victory Fund's registering with the  
12 Commission as a political committee to making purchases for the Victory Fund. *Id*  
13 Additionally, Ms. Engholm stated that Mr. Nelson took part in the Victory Fund's decision to  
14 award her a \$5,000 bonus for her work as treasurer. *See Engholm Tr.* at 224-25. Finally, Ms.  
15 Engholm testified that in her capacity as treasurer for the Victory Fund, she did not interact with  
16 representatives from any campaigns in the 17<sup>th</sup> District other than the Evans Committee. *Id* at  
17 108-12, 192.

18 The Evans Committee's control over the Victory Fund is best illustrated by the Victory  
19 Fund's interaction with Strategic Consulting Group, Inc. ("SCG"). The facts show that the  
20 Victory Fund would never have contracted with SCG were it not for the Evans Committee. In  
21 early 1998, SCG approached Eric Nelson to inquire if the Evans Committee would be interested  
22 in hiring SCG to run field operations in his congressional district. *See Nelson Tr.* at 90-91. Mr.  
23 Nelson declined because the Evans Committee could not afford the cost, estimated at \$90,000  
24 *Id* at 97; *see also* Ex. 58. Nonetheless, Mr. Nelson "recognized the potential value of helping

democratic candidates in the area.” *Id.* at 97. Accordingly, he suggested that SCG contact the Victory Fund to present the same package of services offered to the Evans Committee. *Id.*

SCG followed Mr. Nelson’s advice and contacted the Victory Fund, though it first spoke with Rep. Evans and a member of his congressional staff to confirm that they were supportive of the proposed program. *See* Ex. 2C, Resp. #5, Ex. 3. Subsequently, SCG entered into a contract with the Victory Fund to run a campaign school; this contract was renewed in 2000. *See* Exs. 4, 39. In both years, John Gianulis signed the contract on behalf the Victory Fund, though Mr. Gianulis maintains that he was not involved in the negotiations. *See* Gianulis Tr. at 78-79. Ms. Engholm stated that she and Eric Nelson actually negotiated the contract, with Mr. Gianulis possibly attending one meeting. *See* Engholm Tr. at 57. Mr. Nelson admits only to participating in general discussions about whether SCG’s services would be beneficial—he denies actually negotiating the contract. *See* Nelson Tr. at 275-76, 103-04.

Once the contract was signed, Mr. Nelson contacted SCG approximately once a week to discuss the services it was providing to the Victory Fund. *See* Nelson Tr. at 144, 275-76. Mr. Nelson’s contacts with SCG exemplify the Evans Committee’s control over the Victory Fund. For example, in a memo dated March 29, 2000, Mr. Nelson complained about SCG’s services and demanded changes. *See* Ex. 38. Specifically, Mr. Nelson stated, “I was assured that I could play an active role in the recruiting and assigning of schoolers to the 17<sup>th</sup> District. I have not been contacted to participate in this process at all.” *Id.* Mr. Nelson also questioned various costs of the program and asked about the schedule for the negotiation process for the 2000 contract. *Id.* Mr. Nelson concluded by stating, “The Victory Fund will not sign a 2000 cycle contract until these concerns are addressed satisfactorily.” *Id.* (emphasis added)

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1 When confronted with a copy of this memo in his deposition, Mr. Nelson stated that  
2 because the Evans Committee “was taking the lead in raising money for the Victory Fund, if my  
3 concerns were not addressed there would not be ... the funds there to employ the campaign  
4 school.”<sup>21</sup> Nelson Tr. at 251-52. Mr. Nelson’s explanation, however, only further shows the  
5 pervasive power that the Evans Committee held over the Victory Fund. Threatening to limit  
6 fundraising gave the Evans Committee effective control over the Victory Fund’s operations. In  
7 both 1998 and 2000, the Victory Fund spent the majority of its budget on the Campaign School,  
8 disbursing far more money towards its operation than to any other expense.

9 The Evans Committee’s extensive control over the Victory Fund led many people to  
10 believe they were one and the same. Some vendors referred interchangeably to the Victory Fund  
11 and the Evans Committee. For example, an invoice from QRS NewMedia to the Victory Fund  
12 for “Evans phone message” was addressed to both Connie Engholm and Eric Nelson of “Evans  
13 for Congress.” Ex. 35. Likewise, an invoice from Government Information Services to the  
14 Victory Fund was sent to the address of the Evans Committee, “Attention: Eric Nelson.” Ex. 6.  
15 Mr. Nelson did not know why “Evans for Congress” appeared on the QRS invoice, but he  
16 speculated that he may have ordered a voter file from Government Information Services on  
17 behalf of the Victory Fund. *See* Nelson Tr. at 267-69 Finally, Eric Nelson was listed as the  
18 contact for a Victory Fund fundraiser. *See* Ex. 22, pg. 3 Ms Engholm explained that vendors  
19 sometimes “mistakenly” placed the Evans Committee’s name on Victory Fund invoices.  
20 Engholm Tr. at 176.

21 Even candidates in the 17<sup>th</sup> Congressional District viewed the Victory Fund as an  
22 operation of the Evans Committee. For example, the campaign manager for Thomas Kilbride’s

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<sup>21</sup> In fact, Robert Creamer, president of SCG, told this Office that when the Victory Fund was late paying its bills, he would sometimes contact Eric Nelson

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1 Illinois Supreme Court campaign stated she first heard of the Victory Fund's field operations  
2 from Eric Nelson, who told her that he would make sure the Campaign School would include  
3 Mr. Kilbride in its efforts.<sup>22</sup> In internal memos both before and after the 2000 election, the  
4 Kilbride campaign refers to the Victory Fund as an operation of the Evans Committee. See Exs  
5 66 and 67. In the memo before the election, Kilbride staff state that "the Evans campaign will  
6 reportedly have an aggressive field operation throughout the 17<sup>th</sup> Congressional District as part  
7 of their 'Victory Fund' operation." Ex. 66. Even after the campaign was over, the Kilbride staff  
8 wrote, "A great benefit to the Kilbride campaign was the 17<sup>th</sup> District Victory Fund (the  
9 campaign school working for Congressman Lane Evans)" Ex. 67, pg. 7. These memos show  
10 how the Evans Committee held itself out to the public as the parent of the Victory Fund.

11 Similarly, the State Party excluded the 17<sup>th</sup> Congressional District from its state-wide  
12 coordinated campaign program because Rep. Evans "chose to pursue [his] own coordinated  
13 campaign[]." Ex. 65, pg. 3. Indeed, the State Party's officers were unaware that the Victory  
14 Fund even existed at the time, which further shows that the Victory Fund was not a local party  
15 organization but rather an arm of the Evans Committee. See Ex. 78, pp. 9-10. Viewed with the  
16 other facts, this public perception that the Evans Committee and the Victory Fund were one and  
17 the same further evidences affiliation.

18 **E. Conclusion**

19 As the evidence has shown, the Evans Committee gave birth to the Victory Fund,  
20 nurturing it and helping it grow into an auxiliary campaign committee. The Evans Committee  
21 and its Washington, D.C. Counsel made a concerted effort to push the bounds of campaign  
22 finance law by creating the Victory Fund. Indeed, both Mimi Alschuler and Connie Engholm

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<sup>22</sup> This Office spoke by telephone to Michelle Paul, who at the time was an employee of the Democratic Party of Illinois detailed to work as the campaign manager for the Kilbride campaign.

1 initially expressed concerns about this novel operation Ms. Engholm did not even want to be  
2 treasurer of the Victory Fund when Eric Nelson first asked her because she did not know anyone  
3 who had operated a committee like the Victory Fund. *See* Engholm Tr at 21 Ms. Alschuler and  
4 Ms Engholm's concerns show that the Victory Fund's local party committee status existed in  
5 name only.

6 Although a "victory fund" may theoretically operate as an independent local party  
7 committee, here the evidence has shown that the 17<sup>th</sup> District Victory Fund and the Evans  
8 Committee were one and the same. Committees that are established, financed, maintained, and  
9 controlled by the same person or group of persons are affiliated *See* 2 U.S.C § 441a(a)(5);  
10 11 C.F.R. § 100.5(g)(2). The applicable regulatory criteria also support a finding of affiliation  
11 when viewed in light of all the circumstances:

- 12 • the Evans Committee played an active role in the formation of the Victory Fund,
- 13 • the Evans Committee participated in the governance of the Victory Fund;
- 14 • the Evans Committee selected the officers of the Victory Fund,
- 15 • the Evans Committee and the Victory Fund had an ongoing relationship as
- 16 evidenced by common officers and vendors, such as Eric Nelson, Connie
- 17 Engholm, Mimi Alschuler, and Counsel,
- 18 • the Evans Committee indirectly paid fundraising and administrative costs for the
- 19 Victory Fund;
- 20 • the Evans Committee provided significant, ongoing fundraising assistance to the
- 21 Victory Fund; and
- 22 • the Evans Committee and the Victory Fund share a similar pattern of
- 23 contributions.

24 *See* 11 C.F.R. § 100.5(g)(4)(i)(B), (C), (E), (G), (H), (I), and (J) Therefore, based on the  
25 totality of the circumstances, the evidence strongly indicates that Evans Committee is affiliated  
26 with the Victory Fund.

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**V. IF THE VICTORY FUND IS AFFILIATED WITH THE EVANS COMMITTEE,  
THEN THE VICTORY FUND ACCEPTED EXCESSIVE AND PROHIBITED  
CONTRIBUTIONS**

A finding of affiliation between the Evans Committee and the Victory Fund has several legal consequences. First, committees must report affiliated committees to the Commission in their statements of organization. *See* 2 U.S.C. § 433. Second, affiliated committees share a single, aggregate contribution limit. *See* 2 U.S.C. § 441a(a)(5). Third, all receipts and disbursements must be reported to the Commission. *See* 2 U.S.C. § 434. Finally, a committee affiliated with a federal candidate's committee may not accept corporate and union funds through a nonfederal account. *See* 2 U.S.C. §§ 441a(a)(5), 441b.

From 1997 through 2000, the Victory Fund accepted over \$500,000 in federal and nonfederal funds. A significant portion of the funds in the Victory Fund's nonfederal account originated from prohibited sources, such as unions or corporations. *See* Appendix A (excessive and prohibited contributions during the 1997-98 election cycle); Appendix B (1999-2000 election cycle). Additionally, when aggregated with prior contributions to the Evans Committee, a significant portion of the funds in the Victory Fund's federal and nonfederal accounts would exceed the Act's limitations. *See id.*

**Summary of Prohibited and Excessive Contributions Received by the Evans Committee  
through the Victory Fund**

<u>Election Cycle</u>	<u>Prohibited</u>	<u>Excessive</u>
1997-1998	\$88,635	\$156,250
1999-2000	\$86,200	\$124,500

If the Victory Fund were affiliated with the Evans Committee, both entities would have been limited to accepting contributions of no more than \$1,000 per election from individuals and \$5,000 per election from multicandidate committees. *See* 2 U.S.C. §§ 441a(a)(1)(A) and (2)(A),

441a(f). Likewise, due to the affiliation, the Victory Fund was prohibited from accepting corporate and union funds into a nonfederal account and further should have used only federal funds to pay for its disbursements. *See* 2 U.S.C. § 441b. Finally, the Victory Fund should have reported all of its receipts to the Commission, including the funds deposited into its purported nonfederal account. *See* 2 U.S.C. § 434. Therefore, based on all the reasons stated, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that the Victory Fund violated 2 U.S.C. §§ 433, 441a(f), 434, and 441b.

**VI. IF THE VICTORY FUND IS NOT AFFILIATED WITH THE EVANS COMMITTEE, THEN THE VICTORY FUND MADE EXCESSIVE, IN-KIND CONTRIBUTIONS TO THE EVANS COMMITTEE**

The Evans Committee has acknowledged cooperating and consulting with the Victory Fund's officers on numerous expenditures made by the Victory Fund. *See, e.g.,* Nelson Tr. at 173, 267-69. If the Evans Committee and the Victory Fund are affiliated, as set forth above, these coordinated expenditures constituted permissible transfers. However, if the Evans Committee and the Victory Fund are not affiliated, many of the Victory Fund's coordinated expenditures constituted in-kind contributions to the Evans Committee, to which the contribution limits of the Act apply.<sup>23</sup> Under the Act, "expenditures made by any person in cooperation, consultation or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate."<sup>24</sup> 2 U.S.C. § 441a(a)(7)(B)(i).

<sup>23</sup> The Victory Fund is subject to a \$1,000 contribution limit per election because it does not qualify as a multicandidate committee. *See* 2 U.S.C. § 441a(a)(4). Similarly, the Victory Fund is not affiliated with the State Party and thus would not share the State Party's multicandidate status or its Section 441a(d) spending authority. *See* 2 U.S.C. § 441a(a)(5).

<sup>24</sup> On November 30, 2000, the Commission approved a final rule concerning Coordinated General Public Political Communications. 65 Fed. Reg. 76,138 (December 6, 2000). The new regulation, codified at 11 C.F.R. § 100.23, became effective on May 9, 2001. *See* 66 Fed. Reg. 23,537 (May 9, 2001).

1 In its response to the Commission's reason to believe findings, the Victory Fund did not  
2 deny coordinating expenditures with the Evans Committee. *See* Ex. 73A. Rather, the Victory  
3 Fund asserted that under its interpretation of the law, "party committees were permitted to  
4 coordinate generic party activity with the campaigns in their area." *Id.* Furthermore, the Victory  
5 Fund argued that it conducted exempt party activities which did not constitute expenditures on  
6 behalf of Rep. Evans. *See id.* The record has shown, however, that the Victory Fund  
7 coordinated activities with the Evans Committee and that none of the Victory Fund's  
8 expenditures qualified as exempt party activity.

9 In the context of expenditures by outside groups which are not political party committees,  
10 the Commission has considered cases of potential coordination that took place prior to the  
11 effective date of 11 C.F.R. § 100.23 under the standards set forth in *FEC v. Christian Coalition*,  
12 52 F. Supp. 2d 45 (D.D.C. 1999). In addressing the issue of what constitutes "coordination" with  
13 a candidate, the *Christian Coalition* court discussed two general ways in which coordination  
14 could occur: first, that "expressive coordinated expenditures made at the request or the  
15 suggestion of the candidate or an authorized agent" would be considered coordinated, and  
16 second, "absent a request or suggestion, an expressive expenditure becomes 'coordinated' where  
17 the candidate or her agents can exercise control over, or where there has been substantial  
18 discussion or negotiation between the campaign and the spender over, a communication's: (1)  
19 contents; (2) timing; (3) location, mode or intended audience (e.g., choice between newspaper or  
20 radio advertisement); or (4) 'volume' (e.g., number of copies of printed materials or frequency of

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media spots.”<sup>25</sup> *Id.* at 92. The court also found that coordination might be established if an individual had a certain level of decision-making authority for both the spender and the campaign and the spender made the expressive expenditures to assist the campaign. *Id.* at 96-97.<sup>26</sup>

The following analysis examines the consequences of the Victory Fund’s coordinated expenditures with the Evans Committee under the premise that the two committees are not affiliated. Under this scenario, the evidence shows that the Victory Fund made excessive, unreported contributions to the Evans Committee beginning in 1998 and continuing through 2000. The largest and most prominent of these coordinated expenditures were related to the Campaign School. Other coordinated expenditures included payments for fundraising expenses, consultants, and voter lists.

**A. Campaign School Expenditures**

The record has established that the Victory Fund’s hiring of SCG and the School’s subsequent activities were accomplished in cooperation, consultation, and in concert with the Evans Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i). First, at Eric Nelson’s suggestion, SCG offered the Victory Fund the same package of services that it had presented to the Evans Committee. *See* Nelson Tr. at 102-03. Second, SCG did not sign the contract with the Victory Fund until it received assurances that Rep. Evans supported the effort. *See* Ex. 2C, Resp. #5.

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<sup>25</sup> In devising its legal standard for coordination, the court drew a distinction between “‘expressive,’ ‘communicative’ or ‘speech-laden’ coordinated expenditures” which are subject to the highest form of First Amendment protection and situations in which the spender finances “non-communicative materials” for a candidate’s campaign. *Christian Coalition*, 52 F Supp 2d at 85, fn 45. The court made explicit that its standard only applied to expressive coordinated expenditures. *Id.* at 91.

<sup>26</sup> In *Christian Coalition*, the court also rejected the assertion that “express advocacy” was required for expenditures to be considered coordinated. *Christian Coalition*, 52 F Supp 2d at 87-89. The district court stated that “importing the ‘express advocacy’ standard into § 441b’s contribution prohibition would misread *Buckley* and collapse the distinction between contributions and independent expenditures in such a way as to give short shrift to the government’s compelling interest in preventing real and perceived corruption that can flow from large campaign contributions.” *Christian Coalition*, 52 F Supp 2d at 88.

1 Mr. Nelson's extensive involvement with the Victory Fund's decision to retain SCG in both  
2 1998 and 2000 is discussed in previous sections of this Brief. *See supra*, pg. 26. Therefore,  
3 absent Mr. Nelson's suggestion and Rep. Evans's assent, the Victory Fund would never have  
4 purchased SCG's professional services. Accordingly, the Victory Fund's expenditures to SCG  
5 were made at the "request or suggestion" of the Evans Committee. *Christian Coalition*, 52 F.  
6 Supp.2d at 92.

7 The Evans Committee's involvement with SCG did not cease once the Victory Fund  
8 signed a contract with SCG. To the contrary, once SCG began operations, Eric Nelson regularly  
9 spoke to SCG's field workers to discuss the Evans Committee's needs and how the employees  
10 could assist Rep. Evans's re-election campaign. *See Nelson Tr.* at 193-98. In fact, SCG field  
11 organizers assisted with Rep. Evans's fundraising events and rallies on a weekly basis. *See id.* at  
12 194-95. Although nonfederal candidates in the 17<sup>th</sup> Congressional District also benefited from  
13 the Campaign School, that assistance was incidental to an effort requested and controlled by the  
14 Evans Committee.

15 Information developed during the investigation has shown that SCG did not merely train  
16 volunteers, but provided a complete package of professional services: it developed detailed  
17 strategies to identify and mobilize voters, it hired and supervised employees (some of whom  
18 were salaried), it developed voter identification and persuasion scripts, and it paid all expenses  
19 and salaries. *See Exs. 4, 39, 40, 55.* The Victory Fund paid for these specialized services as a  
20 whole; SCG did not bill the Victory Fund for specific costs. From 1998 through 2000, the

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1 Victory Fund reported disbursements to SCG totaling \$203,681. Additionally, the Victory Fund  
2 disbursed over \$70,000 to lease various phone banks for the Campaign School to use.<sup>27</sup>

3 The Victory Fund claims that its payments to SCG did not constitute an expenditure on  
4 behalf of Rep. Evans because SCG's services constituted exempt party activity. This contention  
5 is wrong for two reasons. First, the Act's provision for exempt activities applies only to party  
6 committees and the Victory Fund does not qualify as a party committee. *See* 2 U.S.C.  
7 § 431(8)(B)(x); 11 C.F.R. § 100.5(e)(4). Second, regardless of the Victory Fund's status as a  
8 party committee, SCG's services could not constitute exempt activity because (1) SCG is a  
9 commercial operation that utilized paid employees, (2) the payments to SCG were not for  
10 campaign materials but for professional consulting services, and (3) SCG's services were paid  
11 for in part with funds from national party committees, who provided over \$25,000 to the Victory  
12 Fund between 1998 and 2000. *See* 11 C.F.R. § 100.8(b)(16)(iv) and (vii).

13 In sum, the evidence has shown that the Evans Committee used the Victory Fund to  
14 purchase SCG's professional field services to benefit Rep Evans. Beginning with the initial  
15 contract negotiations and continuing throughout the campaign, the Evans Committee regularly  
16 consulted with SCG about its field operations. Although some of the activities conducted by  
17 SCG benefited candidates other than Rep. Evans, these activities were part of an integrated effort  
18 requested solely by the Evans Committee. Therefore, because the Victory Fund's expenditures  
19 to SCG were made in cooperation, consultation, and in concert solely with the Evans Committee,

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<sup>27</sup> In response to the Commission's subpoena, the Victory Fund turned over hundreds of pages of phone bills addressed to individuals, local party organizations, and unions. Connie Engholm testified that the Campaign School would arrange to lease phone banks from these various organizations and the Victory Fund would pay these phone bills. *See* Engholm Tr. at 178-79. An examination of the Victory Fund's disclosure reports showed that its disbursements to telephone companies corresponded to the telephone bills. *See, e.g.*, Ex. 59 (AT&T phone bill dated 10/9/98, addressed to Pat O'Brien for \$1,449.38), Ex. 59A (Victory Fund's 1998 Pre-Election Report, itemizing a payment on 10/26/98 to AT&T for \$1,449.38), Ex. 61 (Verizon phone bill dated 10/10/00, addressed to the Henry County Democrats for \$861.42), Ex. 61A (Victory Fund's 2000 Post-Election Report, itemizing a payment on 10/30/00 to Verizon for \$861.42).

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1 the entire amount constitutes an in-kind contribution from the Victory Fund to the Evans  
2 Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i); 11 C.F.R. § 106.1. Consequently, the Victory  
3 Fund's \$270,000 payments for the Campaign School and related services far exceeded its \$1,000  
4 contribution limit.<sup>28</sup> *See* 2 U.S.C. §§ 441a(a)(1)(A), 441a(f).

5 Moreover, the Victory Fund never reported its disbursements to SCG as in-kind  
6 contributions to the Evans Committee.<sup>29</sup> *See* 2 U.S.C. § 434(b); 11 C.F.R. § 104.13. Finally,  
7 because the Victory Fund used nonfederal funds to pay SCG, and because a portion of those  
8 funds originated from prohibited sources, such as unions or corporations, a portion of the in-kind  
9 contributions to the Evans Committee was made with impermissible funds. *See* 2 U.S.C. § 441b.  
10 Therefore, this Office is prepared to recommend that the Commission find probable cause to  
11 believe that the Victory Fund violated 2 U.S.C. §§ 441a(f), 434(b), and 441b.

12 **B. Other Expenditures**

13 The Victory Fund also paid for a number of services, in addition to those received from  
14 SCG, that directly benefited the Evans Committee. These services include fundraising  
15 consultants, direct mail consultants, telephone calls, and voter lists, among other things. An  
16 investigation has revealed that many of these services were also coordinated with the Evans  
17 campaign. In fact, as detailed in the previous sections of this Brief, the Evans Committee was  
18 intimately involved with the financial and operational details of the Victory Fund.

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<sup>28</sup> SCG billed its services as a whole, rather than for individual communications on behalf of the Victory Fund. Nevertheless, even if only a portion of the Victory Fund's expenditures were allocated to the Evans Committee, any such allocation would still far exceed the \$1,000 contribution limit because the Victory Fund spent nearly \$270,000 on SCG and related services between 1998 and 2000.

<sup>29</sup> The Victory Fund incorrectly reported its disbursements to SCG as generic voter drive activity. *See* 11 C.F.R. § 106.5(a)(2)(iv). SCG's services do not qualify as generic activity because the activities conducted by the School specifically mentioned Lane Evans and other clearly identified candidates. *See id.*, *see also* Ex 2C, Resp #3, Ex 42.

1 In addition to Mr. Nelson's role as a de facto officer of the Victory Fund, the two entities  
2 shared numerous vendors who took direction for Victory Fund activities from the Evans  
3 campaign. Connie Engholm, the Victory Fund's treasurer, sometimes consulted with Mr. Nelson  
4 before making purchases for the Victory Fund. In short, the Evans Committee, through Eric  
5 Nelson, exercised decision-making authority over the Victory Fund by recommending vendors to  
6 the Victory Fund and by effectively dictating the type of activities undertaken by the Victory  
7 Fund to assist the Evans campaign.

8 Outside of SCG, one of the Victory Fund's largest coordinated expenditures was for the  
9 services of Mimi Alschuler, who served as the primary fundraising consultant to the Evans  
10 Committee. Eric Nelson suggested that the Victory Fund hire Ms. Alschuler in 1998. *See*  
11 2 U.S.C. § 441a(a)(7)(B)(i); *see also* Nelson Tr. at 73-74. Once the Victory Fund hired Ms.  
12 Alschuler, Mr. Nelson regularly spoke with her about soliciting funds for both the Evans  
13 Committee and the Victory Fund. *Id.*

14 Ms. Alschuler's services to the Victory Fund and to the Evans Committee directly  
15 benefited Lane Evans's candidacy in several ways. First, without her services, the Victory Fund  
16 would not have had enough money to pay for activities that benefited Rep. Evans, such as the  
17 Campaign School. Second, Ms. Alschuler contacted donors who had contributed the maximum  
18 allowable amount to the Evans Committee and informed them that they could still support Rep  
19 Evans by donating to the Victory Fund. Third, Ms. Alschuler organized fundraisers for the  
20 Victory Fund at which Rep. Evans spoke and gained further visibility. Indeed, Ms. Alschuler  
21 regularly spoke with Eric Nelson about the Victory Fund's fundraising efforts, and Ms.  
22 Alschuler herself acknowledged that her work for the Victory Fund related to her work for the  
23 Evans Committee. Thus, because Rep. Evans received something of value from the totality of

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Ms. Alschuler's combined fundraising efforts for both the Evans Campaign and the Victory Fund, the \$41,000 in Victory Fund payments to Ms. Alschuler between 1998 and 2000 should have been reported as an in-kind contribution to the Evans Committee. *See* 2 U.S.C. § 431(8)(A); 11 C.F.R. § 104.13.

Similarly, in 2000, the Victory Fund and the Evans Committee both contracted with Compass Media Group to provide a variety of consulting services to the Victory Fund.<sup>30</sup> In fact, Compass Media provided a joint proposal to the Victory Fund and the Evans Committee touting the benefits of using one firm for both projects: "The Compass Media Group is excited to offer its services to the Friends of Lane Evans Committee and the 17<sup>th</sup> District Victory Fund. By using one firm for both projects, you will be assured of unsurpassed attention from Compass Media and its principals with unbeatable pricing." Ex. 27. Therefore, the Victory Fund's expenditures to Compass Media were made in cooperation, consultation, and concert with the Evans Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i).

The Victory Fund disbursed \$37,882 to Compass Media Group in 2000, according to the Victory Fund's disclosure reports. Like its expenditures to SCG, these disbursements were made solely on behalf of Rep. Evans. Also like its expenditures to SCG, the Victory Fund received a package of professional services that benefited Rep. Evans's candidacy. Specifically, the contract between the Victory Fund and Compass Media states that Compass agreed to

- provide "overall campaign strategy and message development";
- develop budgets, timelines, and targeting strategy for print advertising, electronic media, and direct mail;
- coordinate photo and television shoots in the district, and

<sup>30</sup> Compass Media designed and produced direct mail for the Victory Fund, most of which constituted generic advocacy for the Democratic party and did not mention specific candidates. *See* Exs. 19, 20, 21, 36, 37. Nonetheless, Eric Nelson testified that the Victory Fund also produced mailers expressly advocating the election of specific candidates in 2000. *See* Nelson Tr. at 243, 272. The Victory Fund failed to provide copies of all of its mailers to the Commission, so it is unknown how many expressly advocated the election of Rep. Evans.

- provide “consulting, design and fulfillment for any collateral materials (websites, walk cards, etc.) or direct mail fundraising appeals. . .”

Ex. 34. Therefore, the Victory Fund made an excessive contribution of \$37,882 to the Evans Committee in the form of coordinated expenditures to Compass Media *See* 2 U.S.C. § 441a(f). As with other expenditures, the Victory Fund used prohibited funds in part to pay Compass Media. Thus, Victory Fund also made a prohibited contribution to the Evans Committee through these coordinated expenditures. *See* 2 U.S.C. § 441b.

The Victory Fund and the Evans Committee worked closely together with additional vendors. For example, the Victory Fund paid QRS NewMedia \$435.00 to produce a recorded telephone message by Rep. Evans that encouraged individuals to vote for him and the entire Democratic ticket on Election Day. *See* Ex. 35. Likewise, the Victory Fund paid Government Information Services \$1,825 for voter lists ordered by the Evans Committee in 1998. *See* Ex. 6; Nelson Tr. at 267-69. These Victory Fund expenditures were coordinated with the Evans Committee through Nelson, and provide a further basis for this Office’s recommendation that the Commission find probable cause to believe that the Victory Fund violated 2 U.S.C. §§ 441a(f), 434(b), and 441b by making and failing to report excessive, in-kind contributions to the Evans Committee. *See* 2 U.S.C. § 441a(a)(7)(B)(i)

## **VII. THE VICTORY FUND FAILED TO PROPERLY REPORT AND ALLOCATE ITS DISBURSEMENTS**

The Victory Fund reported each and every joint federal and nonfederal disbursement as administrative/voter drive expenses and allocated the expenses under the ballot composition ratio. *See* Engholm Tr. at 181-83; *see also* 11 C.F.R. § 106.5(d). Even if the Victory Fund is not affiliated with the Evans Committee, it should not have reported all of its disbursements as

1 generic or administrative expenses.<sup>31</sup> As detailed in the previous section, the Victory Fund's  
2 payments to SCG, Compass Media Group, various telephone companies, and Mimi Alschuler  
3 were all made on behalf of Rep. Evans and thus should not have been allocated at all. Moreover,  
4 even if these expenditures were not in-kind contributions, they should have been allocated under  
5 the funds expended ratio, not the ballot composition ratio. *See* 11 C.F.R. § 106.6(c) The ballot  
6 composition ratio is available only to party committees, and, as discussed previously, the Victory  
7 Fund does not qualify as a bona fide local party committee.

8 Similarly, the Victory Fund should not have reported its fundraising expenses as  
9 administrative/voter drive, nor allocated them under the ballot composition ratio. When political  
10 committees raise both federal and nonfederal funds, the cost of fundraising events must be  
11 reported as a fundraising expense and allocated using the ratio of federal to total funds received.  
12 *See* 11 C.F.R. § 106.6(d). The Victory Fund did neither. For example, the Illinois AFL-CIO  
13 sponsored a fundraising luncheon for Rep. Evans in May 2000. The invitation to this event  
14 stated, "Your contribution of \$5,000 in either federal or non-federal funds will be a huge help in  
15 guaranteeing that Lane is victorious..." Ex 32. Eric Nelson confirmed that Rep. Evans attended  
16 this event, which raised money for the Victory Fund.<sup>32</sup> *See* Nelson Tr. at 233.

17 In sum, the evidence has shown that if the Victory Fund is not affiliated with the Evans  
18 Committee, then the Victory Fund both misreported and misallocated its expenses. Moreover,  
19 the Victory Fund paid for its joint federal and nonfederal expenses using 80% nonfederal funds  
20 in 1998 and 70% nonfederal funds in 2000, which contained prohibited receipts from unions

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<sup>31</sup> As discussed previously, if the Victory Fund were affiliated with the Evans Committee, it should have used entirely federal funds to pay for all of its disbursements.

<sup>32</sup> The Victory Fund originally reported expenses related to the AFL-CIO event as fundraising costs, but it later amended its report and changed the listing to administrative/voter drive costs because "[t]he luncheon was held to discuss the 17<sup>th</sup> District Victory Fund. No monies were collected at or for the event." Ex 57, *see also* Engholm Tr. at 161-62, 220-21. This explanation is not credible in light of the invitation to this event, which expressly solicited funds, and Mr. Nelson's recollection that funds were indeed raised.

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1 Therefore, the Victory Fund's misreporting and misallocation of disbursements provide a further  
2 basis for this Office's recommendation that the Commission find probable cause to believe that it  
3 violated 2 U.S.C. §§ 434 and 441b.

4 **VIII. GENERAL COUNSEL'S RECOMMENDATION**

5 1. Find probable cause to believe that the 17<sup>th</sup> District Victory Fund and Linda  
6 Anderson, as treasurer, violated 2 U.S.C. §§ 433, 441a(f), 434, and 441b.

7  
8 8/4/03  
Date

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## General Counsel's Brief

## Appendix A, page 1

Name	Amount	To	Date	Aggregate	Excessive	Prohibited
Admiral Lodge 2063	\$250.00	VF-Nonfed	10/15/97			
Admiral Lodge 2063	\$500.00	VF-Nonfed	6/19/98	\$750.00		\$750.00
AFL-CIO COPE	\$2,500.00	Evans-Primary	6/24/97			
AFL-CIO COPE	\$2,500.00	Evans-General	12/18/97			
AFL-CIO COPE	\$2,000.00	Evans-General	3/26/98			
AFL-CIO COPE	\$3,000.00	Evans-General	6/26/98			
AFL-CIO COPE	\$5,000.00	VF-Fed	10/27/98			
AFL-CIO COPE	\$5,000.00	VF-Nonfed	10/27/98	\$20,000.00	\$10,000.00	
American Federation of PEOPLE	\$5,000.00	Evans-Primary	2/28/97			
American Federation of PEOPLE	\$5,000.00	Evans-General	12/15/97			
American Federation of PEOPLE	\$5,000.00	VF-Fed	8/13/98	\$15,000.00	\$5,000.00	
Assoc. of Trial Lawyers	\$5,000.00	VF-Nonfed	8/6/98			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	9/11/97			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	10/9/97			
Assoc. of Trial Lawyers of America, PAC	\$3,000.00	Evans-Primary	12/18/97			
Assoc. of Trial Lawyers of America, PAC	\$1,000.00	Evans-General	2/12/98			
Assoc. of Trial Lawyers of America, PAC	\$4,000.00	Evans-General	3/12/98	\$15,000.00	\$5,000.00	

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## General Counsel's Brief

## Appendix A, page 2

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Carpenters Legis Improvement	\$5,000.00	Evans-Primary	10/8/97			
Carpenters Legis Improvement	\$5,000.00	Evans-General	4/22/98			
Carpenters Legis Improvement	\$5,000.00	VF-Fed	10/19/98	\$15,000.00	\$5,000.00	
Chicago Federation/Labor & IUC	\$1,000.00	VF-Nonfed	10/26/98	\$1,000.00		\$1,000.00
Comm On Letter Carriers	\$1,000.00	Evans-Primary	9/29/97			
Comm On Letter Carriers	\$4,000.00	Evans-Primary	12/15/97			
Comm On Letter Carriers	\$5,000.00	Evans-Primary	3/9/98			
Comm On Letter Carriers (NALC-COLCPE)	\$5,000.00	VF-Fed	9/15/98	\$15,000.00	\$5,000.00	
Democratic National Committee	\$15,000.00	VF-Nonfed	11/5/98	\$15,000.00		\$15,000.00
Electrical Workers Local #145	\$500.00	VF-Nonfed	1/26/98			
Electrical Workers Local #145	\$500.00	VF-Nonfed	6/19/98	\$1,000.00		\$1,000.00
Eychaner, Fred	\$10,000.00	VF-Nonfed	10/31/97			
Eychaner, Fred	\$10,000.00	VF-Nonfed	6/8/98			
Eychaner, Fred	\$1,000.00	Evans	9/28/98	\$21,000.00	\$19,000.00	
Heartland Council of Carpenters	\$2,500.00	VF-Nonfed	7/28/98	\$2,500.00		\$2,500.00
Hendrickson, Ronald	\$1,000.00	Evans-Primary	6/23/97			
Hendrickson, Ronald	\$1,000.00	Evans-General	3/7/98			

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## 1997-1998 Excessive and Prohibited Contributions

Name	Amount	To	Date	Aggregate	Excessive	Prohibited
Hendrickson, Ronald	\$250.00	VF-Fed	7/27/98	\$2,250 00	\$250 00	
Human Rights Campaign Fund PAC	\$2,500 00	Evans-General	5/6/97			
Human Rights Campaign Fund PAC	\$1,000 00	Evans-Primary	12/12/97			
Human Rights Campaign Fund PAC	\$1,500 00	Evans-Primary	2/5/98			
Human Rights Campaign Fund PAC	\$500 00	Evans-General	5/29/98			
Human Rights Campaign Fund PAC	\$2,000 00	Evans-General	6/9/98			
Human Rights Campaign Fund PAC	\$2,500 00	Evans-General	8/6/98			
Human Rights Campaign Fund PAC	\$5,000 00	VF-Fed	10/8/98	\$15,000.00	\$5,000 00	
I.A.F. F.I.R.E. PAC	\$1,000.00	Evans	6/27/97			
I.A.F. F.I.R.E. PAC	\$1,000.00	Evans	12/17/97			
I.A.F. F.I.R.E. PAC	\$3,000.00	Evans	3/6/98			
I.A.F. F.I.R.E. PAC	\$2,500.00	Evans	5/5/98			
I.A.F. F.I.R.E. PAC	\$2,500.00	Evans	10/6/98			
I.A.F. F.I.R.E. PAC	\$5,000.00	VF-Nonfed	10/12/98	\$15,000 00	\$5,000 00	
IBEW Educational Committee	\$250.00	VF-Nonfed	9/15/97			
IBEW Educational Committee	\$2,500.00	VF-Nonfed	10/8/98			
IBEW Educational Committee	\$250.00	VF-Nonfed	10/19/98	\$3,000 00		\$3,000 00

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## 1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
IBEW-Comm For Responsible Gov't	\$200.00	VF-Nonfed	9/15/97	\$200.00		\$200.00
IFT - COPE	\$10,000.00	VF-Nonfed	7/1/98	\$10,000.00		\$10,000.00
ILLINOIS Laborers Leg. Committee	\$5,000.00	VF-Nonfed	7/15/98	\$5,000.00		\$5,000.00
ILLINOIS PipeTrades PEF	\$1,000.00	VF-Nonfed	7/28/98	\$1,000.00		\$1,000.00
ILLINOIS Political Active Letter Carriers	\$1,000.00	VF-Nonfed	7/15/98	\$1,000.00		\$1,000.00
ILLINOIS State Conf. of IBEW	\$200.00	VF-Nonfed	7/10/98	\$200.00		\$200.00
ILLINOIS Political Fund	\$5,000.00	VF-Nonfed	7/1/98	\$5,000.00		\$5,000.00
Internat'l Electrical Workers	\$500.00	VF-Nonfed	8/13/98	\$500.00		\$500.00
Ironworkers Political Action League	\$2,000.00	Evans-Primary	4/22/97			
Ironworkers Political Action League	\$500.00	Evans-Primary	7/24/97			
Ironworkers Political Action League	\$2,500.00	Evans-Primary	9/22/97			
Ironworkers Political Action League	\$2,500.00	Evans-General	5/18/98			
Ironworkers Political Action League	\$2,500.00	Evans-General	5/18/98			
Ironworkers Political Action League	\$1,000.00	VF-Fed	10/8/98	\$11,000.00	\$1,000.00	
IUOE Local #649 PAC	\$500.00	VF-Nonfed	6/19/98	\$500.00		\$500.00
Laborer's #165	\$500.00	VF-Nonfed	8/6/98	\$500.00		\$500.00
Laborers Legis Committee	\$2,000.00	VF-Nonfed	9/15/97	\$2,000.00		\$2,000.00

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## 1997-1998 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Laborer's Local #1274	\$250.00	VF-Nonfed	7/10/98	\$250.00		\$250.00
Laborer's Local #309	\$6,786.78	VF-Nonfed	9/25/98			
Laborer's Local #309	\$3,337.84	VF-Nonfed	10/19/98			
Laborer's Local #309	\$1,000.00	VF-Nonfed	10/23/98			
Laborer's Local #309	\$3,548.99	VF-Nonfed	11/10/98			
Laborer's Local #309	\$5,261.66	VF-Nonfed	12/7/98	\$19,935.27		\$19,935.27
Laborers' Local #393	\$200.00	VF-Nonfed	10/26/98	\$200.00		\$200.00
Laborer's Local #852	\$150.00	VF-Nonfed	10/27/98	\$150.00		\$150.00
Laborers' Political League	\$2,500.00	Evans-Primary	3/10/97			
Laborers' Political League	\$2,500.00	Evans-Primary	9/29/97			
Laborers' Political League	\$2,500.00	Evans-General	4/20/98			
Laborers' Political League	\$2,500.00	Evans-General	6/24/98			
Laborers' Political League	\$5,000.00	VF-Fed	9/15/98	\$15,000.00	\$5,000.00	
M.C.I.D.C. of PAC	\$2,500.00	VF-Nonfed	7/28/98	\$2,500.00		\$2,500.00
MacArthur, Solange	\$2,000.00	Evans	3/13/98			
MacArthur, Solange & Muller, Robert	\$5,000.00	VF-Nonfed	7/1/98			
MacArthur, Solange & Muller, Robert	\$10,000.00	VF-Nonfed	10/19/98			

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
MacArthur, Solange & Muller, Robert	\$30,000.00	VF-Nonfed	10/24/98	\$47,000.00	\$43,000.00	
Machinist Non Partisan Political League	\$5,000.00	Evans-Primary	6/20/97			
Machinist Non Partisan Political League	\$5,000.00	Evans-General	1/15/98			
Machinist Non Partisan Political League	\$5,000.00	VF-Fed	10/24/98	\$15,000.00	\$5,000.00	
Myers, Robert	\$500.00	Evans	7/28/98			
Myers, Robert	\$4,000.00	VF-Fed	8/6/98	\$4,500.00	\$2,500.00	
NCIC Laborer's PAC	\$5,000.00	VF-Nonfed	7/15/98			
NCIC Laborer's PAC	\$100.00	VF-Nonfed	10/19/98	\$5,100.00		\$5,100.00
Recording Industry Assoc. America Inc. PAC	\$1,000.00	VF-Nonfed	11/5/98	\$1,000.00		\$1,000.00
S.T.I.P.E.N.D. Teamsters #710	\$1,000.00	VF-Nonfed	10/27/98	\$1,000.00		\$1,000.00
Service Employees Internati'l Union	\$20,000.00	VF-Nonfed	8/13/98			
Service Employees Internati'l Union PAC	\$1,000.00	Evans-Primary	4/28/97			
Service Employees Internati'l Union PAC	\$1,000.00	Evans-Primary	10/23/97			
Service Employees Internati'l Union PAC	\$3,000.00	Evans-Primary	12/19/97			
Service Employees Internati'l Union PAC	\$5,000.00	Evans-General	6/23/98			
Service Employees Internati'l Union PAC	\$5,000.00	VF-Fed	8/13/98	\$35,000.00	\$25,000.00	
Steamfitters Local #353	\$500.00	VF-Nonfed	7/8/98	\$500.00		\$500.00

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Teamster's Local 705	\$5,000.00	VF-Nonfed	9/15/98	\$5,000.00		\$5,000.00
Trades & Labor c/o Labor Temple	\$1,000.00	VF-Nonfed	9/15/98	\$1,000.00		\$1,000.00
UAW - V - CAP (UAW Voluntary)	\$500.00	VF-Nonfed	12/13/97			
UAW - V - CAP (UAW Voluntary)	\$10,000.00	VF-Nonfed	5/8/98			
UAW-V-CAP (UAW Voluntary)	\$500.00	Evans-Primary	4/14/97			
UAW-V-CAP (UAW Voluntary)	\$4,500.00	Evans-Primary	5/23/97			
UAW-V-CAP (UAW Voluntary)	\$5,000.00	Evans-General	2/23/98	\$20,500.00	\$10,500.00	
United Food & Commercial Workers	\$1,000.00	Evans-Primary	2/13/97			
United Food & Commercial Workers	\$1,250.00	Evans	5/1/97			
United Food & Commercial Workers	\$1,250.00	Evans-Primary	5/1/97			
United Food & Commercial Workers	\$750.00	Evans-Primary	10/28/97			
United Food & Commercial Workers	\$750.00	Evans-Primary	10/28/97			
United Food & Commercial Workers	\$750.00	Evans-Primary	10/28/97			
United Food & Commercial Workers	\$2,500.00	Evans-General	3/6/98			
United Food & Commercial Workers	\$2,500.00	Evans-General	3/6/98			
United Food & Commercial Workers	\$5,000.00	VF-Fed	10/27/98	\$15,000.00	\$5,000.00	
USWA Subdistrict #1 Council	\$350.00	VF-Nonfed	10/31/97	\$350.00		\$350.00
WES PAC	\$2,500.00	VF-Nonfed	9/21/98	\$2,500.00		\$2,500.00

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Name	Amount	To	Date	Aggregate	Excessive	Prohibited
<b>Totals:</b>				<b>\$384,885.27</b>	<b>\$156,250.00</b>	<b>\$88,635.27</b>

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1999-2000 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
AFT #1836 BHCTU	\$750.00	VF-Nonfed	9/7/00	\$750.00		\$750.00
American Federation of .. PEOPLE	\$5,000.00	Evans-Primary	3/8/99			
American Federation of PEOPLE	\$5,000.00	Evans-General	6/24/99			
American Federation of . PEOPLE	\$5,000.00	VF-Nonfed	8/8/00			
American Federation of PEOPLE	\$5,000.00	VF-Fed	11/3/00	\$20,000.00	\$10,000.00	
Assoc of Trial Lawyers of America, PAC	\$1,000.00	Evans-Primary	5/7/99			
Assoc of Trial Lawyers of America, PAC	\$4,000.00	Evans-Primary	5/19/99			
Assoc of Trial Lawyers of America, PAC	\$1,000.00	Evans-General	10/5/99			
Assoc of Trial Lawyers of America, PAC	\$4,000.00	Evans-General	12/2/99			
Assoc of Trial Lawyers of America, PAC	\$5,000.00	VF-Fed	8/2/00	\$15,000.00	\$5,000.00	
Boilermakers Local 60 PAC	\$250.00	VF-Nonfed	8/21/00	\$250.00		\$250.00
Brick Layers #8 of Ill	\$250.00	VF-Nonfed	8/4/00	\$250.00		\$250.00
Carpenters Legis Improvement	\$5,000.00	Evans-Primary	6/20/99			
Carpenters Legis Improvement	\$500.00	Evans-General	8/27/99			
Carpenters Legis Improvement	\$4,500.00	Evans-General	6/6/00			
Carpenters Legis Improvement	\$5,000.00	VF-Fed	11/3/00	\$15,000.00	\$5,000.00	
Carpenter's Local #189	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00

EXHIBIT F052

1999-2000 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Democratic CCC (Non-Federal Fund)	\$7,650.00	VF-Nonfed	10/16/00	\$7,650.00		\$7,650.00
Electrical Workers Local #145	\$1,000.00	VF-Nonfed	8/4/00	\$1,000.00		\$1,000.00
Eychaner, Fred	\$1,000.00	Evans	6/22/99			
Eychaner, Fred	\$1,000.00	Evans	6/22/99			
Eychaner, Fred	\$30,000.00	VF-Nonfed	7/7/00	\$32,000.00	\$30,000.00	
Friends of Lipinski II	\$1,000.00	VF-Nonfed	5/30/00			
Friends of Lipinski II	\$1,000.00	VF-Nonfed	10/16/00	\$2,000.00		\$2,000.00
Heartland Dist. Council of Carpenters PAC	\$5,000.00	VF-Nonfed	9/1/00	\$5,000.00		\$5,000.00
IBEW Educational Committee	\$5,000.00	VF-Nonfed	5/30/00			
IBEW Educational Committee	\$1,500.00	VF-Nonfed	8/2/00			
IBEW Educational Committee	\$5,000.00	VF-Nonfed	8/17/00			
IBEW Educational Committee	\$1,000.00	VF-Nonfed	8/17/00			
IBEW Educational Committee	\$250.00	VF-Nonfed	8/21/00			
IBEW Educational Committee	\$1,000.00	VF-Nonfed	10/16/00	\$13,750.00		\$13,750.00
Illinois Federation of Teachers	\$10,000.00	VF-Nonfed	5/30/00	\$10,000.00		\$10,000.00
Illinois State AFL-CIO Committee on Political Education	\$5,000.00	VF-Nonfed	5/30/00	\$5,000.00		\$5,000.00
Internati'l Brotherhood of Electric	\$4,900.00	Evans-General	3/22/99			

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Internat'l Brotherhood of Electric	\$2,000.00	Evans-General	3/30/99			
Internat'l Brotherhood of Electric	\$3,000.00	Evans-General	6/23/99			
Internat'l Brotherhood of Electric	\$100.00	Evans-Primary	1/22/99			
Internat'l Brotherhood of Electric	\$2,000.00	VF-Fed	11/3/00	\$12,000.00	\$2,000.00	
Ironworkers Local #386	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00
IUOE Local #649 PAC	\$5,000.00	VF-Nonfed	9/13/00	\$5,000.00		\$5,000.00
Labore's Local #309	\$1,000.00	VF-Nonfed	9/1/00	\$1,000.00		\$1,000.00
Labore's Local #32 PAC	\$1,000.00	VF-Nonfed	10/16/00	\$1,000.00		\$1,000.00
Labore's Local #393	\$250.00	VF-Nonfed	8/17/00	\$250.00		\$250.00
Larson, R W	\$5,000.00	VF-Fed	8/21/00	\$5,000.00	\$3,000.00	
Levine, Stuart	\$1,000.00	Evans-General	6/30/00			
Levine, Stuart	\$2,500.00	VF-Fed	7/3/00	\$3,500.00	\$1,500.00	
Machinist Non Partisan Political League	\$3,000.00	Evans-Primary	3/17/99			
Machinist Non Partisan Political League	\$2,000.00	Evans-Primary	9/20/99			
Machinists Non-Partisan Political League	\$5,000.00	VF-Nonfed	5/30/00			
Machinist Non Partisan Political League	\$5,000.00	Evans-General	6/14/00	\$15,000.00	\$5,000.00	
Mid-Central IL District Council of Carpenters Council PAC	\$2,500.00	VF-Nonfed	10/23/00			

## 1999-2000 Excessive and Prohibited Contributions

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Mid-Central IL District Council of Carpenters Council PAC	\$2,500.00	VF-Nonfed	10/23/00	\$5,000.00		\$5,000.00
Midwest Regional Laborers' Political League	\$5,000.00	Evans-Primary	6/30/99			
Midwest Regional Laborers' Political League	\$2,500.00	Evans-General	5/30/00			
Midwest Regional Laborers' Political League	\$2,500.00	Evans-General	6/23/00			
Midwest Regional Laborers' Political League	\$5,000.00	VF-Fed	9/6/00	\$15,000.00	\$5,000.00	
Muller, Robert	\$2,000.00	Evans	12/29/99			
Muller, Robert	\$30,000.00	VF-Nonfed	9/15/00	\$32,000.00	\$30,000.00	
North Central IL Laborers Dist Council PAC	\$5,000.00	VF-Nonfed	10/16/00	\$5,000.00		\$5,000.00
NW IL Bldg & Const Trades Council PAC	\$250.00	VF-Nonfed	9/15/00	\$250.00		\$250.00
Operating Eng. Local #649 PAC	\$1,000.00	Evans-Primary	3/4/99			
Operating Eng. Local #649 PAC	\$1,000.00	Evans-Primary	7/1/99			
Operating Eng. Local #649 PAC	\$2,000.00	Evans	12/10/99			
Operating Eng. Local #649 PAC	\$500.00	Evans-Primary	2/14/00			
Operating Eng. Local #649 PAC	\$5,000.00	Evans-General	5/4/00			
Operating Eng. Local #649 PAC	\$5,000.00	VF-Fed	6/20/00	\$14,500.00	\$4,500.00	
Operative Plasters & Cement Masons 18 PAC	\$1,000.00	VF-Nonfed	8/8/00			
Operative Plasters & Cement Masons 18 PAC	\$500.00	VF-Nonfed	10/27/00	\$1,500.00		\$1,500.00



Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
PAC for a Change	\$1,000.00	Evans-Primary	6/25/99			
PAC for a Change	\$500.00	Evans	2/28/00			
PAC for a Change	\$500.00	Evans	2/28/00			
PAC for a Change	\$2,000.00	Evans	2/28/00			
PAC for a Change	\$2,000.00	Evans	2/28/00			
PAC for a Change	\$4,000.00	Evans-General	3/29/00			
PAC for a Change	\$1,000.00	VF-Fed	10/23/00	\$11,000.00	\$1,000.00	
PAC to the Future	\$1,000.00	Evans-General	6/29/99			
PAC to the Future	\$1,000.00	Evans-Primary	6/29/99			
PAC to the Future	\$1,000.00	Evans-General	10/29/99			
PAC to the Future	\$4,000.00	Evans-Primary	10/29/99			
PAC to the Future	\$3,000.00	Evans-General	3/3/00			
PAC to the Future	\$5,000.00	VF-Fed	10/23/00	\$15,000.00	\$5,000.00	
Plumbers & Pipe Fitters #25	\$500.00	VF-Nonfed	8/17/00	\$500.00		\$500.00
Plumbing Industry PAC	\$500.00	VF-Nonfed	6/20/00	\$500.00		\$500.00
R/SRI Democratic Comm.	\$750.00	VF-Nonfed	8/17/00	\$750.00		\$750.00
SEIU Local #880 Political Fund	\$250.00	VF-Nonfed	9/15/00	\$250.00		\$250.00

## General Counsel's Brief

## Appendix B, pg 6

Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
Service Employees Internati'l Union PAC	\$2,000.00	Evans-Primary	3/15/99			
Service Employees Internati'l Union PAC	\$2,500.00	Evans-Primary	6/28/99			
Service Employees Internati'l Union PAC	\$500.00	Evans-Primary	11/9/99			
Service Employees Internati'l Union PAC	\$5,000.00	Evans-General	6/20/00			
Service Employees Internati'l Union PAC	\$5,000.00	VF-Fed	10/30/00	\$15,000.00	\$5,000.00	
Steamfitters Local #353	\$500.00	VF-Nonfed	7/24/00			
Steamfitters Local #353	\$1,000.00	VF-Nonfed	10/20/00	\$1,500.00		\$1,500.00
Stone, Thomas/Tom	\$1,000.00	Evans-General	3/17/00			
Stone, Thomas/Tom	\$1,000.00	Evans-Primary	3/17/00			
Stone, Thomas/Tom	\$1,000.00	VF-Nonfed	10/16/00	\$3,000.00	\$1,000.00	
Trades & Labor Assembly	\$1,500.00	VF-Nonfed	9/13/00	\$1,500.00		\$1,500.00
Tr-City Bldg. Trades	\$500.00	VF-Nonfed	10/23/00	\$500.00		\$500.00
UAW - V - CAP (UAW Voluntary)	\$5,000.00	VF-Nonfed	8/2/00			
UAW-V-CAP (UAW Voluntary)	\$1,000.00	Evans-Primary	3/29/99			
UAW-V-CAP (UAW Voluntary)	\$500.00	Evans-Primary	5/3/99			
UAW-V-CAP (UAW Voluntary)	\$3,500.00	Evans-Primary	6/25/99			
UAW-V-CAP (UAW Voluntary)	\$5,000.00	Evans-General	6/21/00			

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Name	Amount	To:	Date	Aggregate	Excessive	Prohibited
UAW-V-CAP (UAW Voluntary)	\$5,000.00	VF-Fed	10/23/00	\$20,000.00	\$10,000.00	
United Brotherhood of Carpenters	\$300.00	VF-Nonfed	9/3/99	\$300.00		\$300.00
United Food & Commerical Workers Illinois Political Fund	\$5,000.00	VF-Nonfed	5/30/00			
United Food & Commerical Workers Illinois Political Fund	\$5,000.00	VF-Nonfed	8/17/00	\$10,000.00		\$10,000.00
Weinstein, Robert J MD	\$1,000.00	Evans-General	6/6/00			
Weinstein, Robert J MD	\$2,500.00	VF-Fed	7/3/00	\$3,500.00	\$1,500.00	
WES-PAC West Cen IL Bldg & Constr Trades	\$5,000.00	VF-Nonfed	9/22/00	\$5,000.00		\$5,000.00
Woodford Co Dem Cen Comm	\$250.00	VF-Nonfed	7/24/00	\$250.00		\$250.00
Totals:				\$332,700.00	\$124,500.00	\$86,200.00

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
19	"School" Mailer by Victory Fund	LE-00329 to 00332	LE-00196 to 00199
20	"Dream" Mailer by Victory Fund	LE-00333 to 00334	LE-00200 to 00201
21	"Behind this Door" Mailer Victory Fund	LE-00343 to 00346	LE-00210 to 00213
22	Evans Fundraising Event on 7/13/98 – Letters/Invoice	VF-01600 to 01602	17D-001014 to 001016
23	Victory Fund Promotional Letter	VF-00300	17D-000408
24	SCG Promotional Brochure – Picture of Evans	SC-00717	n/a
25	1998 Phone Contract between SCG and Victory Fund	SC-00300 to 00303	n/a
26	Invoice from Channel 10 NBC-WGEM	LE-00409	LE-00007
27	Proposal by Compass Media to both Victory Fund and Evans Committee	VF-00604 to 00607	17D-000275 to 00278
28	Absentee Ballot Mailer by Rock Island Committee	RI-00302	RIC-00003
29	"With Dems You Win" Mailer by Rock Island Committee	RI-00303	RIC-00004
32	Victory Fund Solicitation from Evans to Don Turner	VF-01105 to 01106	17D-000438 to 00439
33	Solicitations from Evans to HRC – Eric Nelson	VF-01133	17D-000471
34	2000 Contract between Compass Media and Victory Fund	VF-00600 to 00603	17D-000271 to 000274
35	Invoice from QRS Newmedia to Victory Fund	VF-01003	17D-002675
36	'Kids" Mailer by Victory Fund	LE-00318 to 00319	LE-00182 to 00183
37	"3 Rs" Mailer by Victory Fund	LE-00320 to 00323	LE-00184 to 00187
38	Memo from Nelson to SCG re Concerns	VF-00505 to 00506	17D-000269 to 00270
39	2000 Contract between SCG and Victory Fund	SC-00204 to 00206	n/a
40	2000 SCG Campaign School Field Plan	SC-01200 to 01209	GD-00030 to 00039
41	SCG Volunteer Voter ID Script for 2000	SC-00307	GD-00004
42	SCG Canvass Voter ID Script for 2000	SC-00312	GD-00009
43	Evans Form Constituent Letters	SC-01101 to 01111	GD-00046 to 00056

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
44	Victory Fund 2000 GOTV Phone Scripts by Officials	SC-00304 to 00306	GD-00001 to 00003
45	Script of Rock Island Committee GOTV Calls for 2000	SC-00318	GD-00015
46	SCG Wrap-up Memo from Dunn to Nelson and Evans	SC-00412	GD-00020
47	Rock Island Committee Response to the Complaint	n/a	n/a
48	1998 Rock Island GOTV Report	RI-00400 to 00402	RIC-00005 to 00007
51	2000 Rock Island GOTV Report	RI-00403 to 00405	RIC-00008 to 00010
54	SCG Welcome Letter from Genie Dunn	SC-00400 to 00401	n/a
55	SCG Memo from Morrison to Dunn re Voter Targeting	SC-00402 to 00407	GD-00022 to 00027
56	Letter from Engholm to FEC Denying Affiliation	n/a	n/a
57	Letter from Engholm to FEC re: Como Inn Event	n/a	n/a
58	SCG Promo Material: "High Intensity Field Operations"	SC-00702 to 00706	n/a
59	Phone bill for Pat O'Brien/ATT for \$1,449 38	n/a	17D-001438
59A	Excerpt from Victory Fund 1998 12-Day Amended Pre-Election Report Reflecting Payment to AT&T for \$1,449 38	n/a	n/a
60A	Excerpt from Victory Fund 2000 Amended Oct Quarterly Report Reflecting Payment to Gallatin for \$486 38	n/a	n/a
61	Henry County/Verizon Phone bill for \$861 42	n/a	17D-002676
61A	Excerpt from Victory Fund 2000 30-day Post Election Report Reflecting Payment to Verizon for \$861 42	n/a	n/a
64	Letter from Engholm to FEC re Como Inn Event with Attachments	n/a	n/a
65	State Party 2000 Coordinated Campaign Plan	SP-00300 to 00304	n/a
66	Kilbride Campaign Plan	SP-00608	n/a
67	Kilbride Post-Campaign Memo	SP-00638 to 00653	n/a
72	SCG "Countdown to Victory" Flyer	SC-00413	GD-00021
73	Evans Committee Response to the Commission's Reason to Believe Findings	LE-00100 to 105	n/a
73A	Victory Fund Response to the Commission's Reason to Believe Findings	VF-00100 to 00109	n/a

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Exhibit	Description	FEC Bates Number	Respondents' Bates Number
74	SCG Memo re. Voter Registration dated 8/29/00	SC-00409 to 00411	GD-00043 to 00045
75	Victory Fund Solicitation Letter by Evans to Steve Neal	VF-01132	17D-000470
78	State Party Response to the Commission's Reason to Believe Findings	SP-00100 to 00110	n/a
79	SCG Brochure Quoting Evans. "fight of my life"	SC-00722	n/a
80	State Party Constitution	SP-01301 to 01311	n/a
81	Association of County Chairs Constitution	SP-01401 to 01408	n/a

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