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Senator Stewart J. Greenleaf

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November 14, 2000

VIA OVERNIGHT DELIVERY

Lawrence M. Noble, Esq.
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 5111 (Citizens for Greenleaf, et al.)

Dear Mr. Noble:

Citizens for Greenleaf ("Citizens") received a complaint ("Complaint") designated Matter Under Review ("MUR") 5111 by the Federal Election Commission ("FEC" or "Commission"). Pursuant to 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.6, we hereby file a response to the Complaint and request that the Commission dismiss this case.

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I. FACTUAL BACKGROUND

A. The Complaint

Marge Herrmann Sexton, Chair of the Abington-Rockledge Democratic Committee filed the Complaint with your office on October 1, 2000. The Complaint contains four instances of alleged impropriety.

The first allegation involves a donation of \$25,000 by the nonfederal Citizens to the Republican State Committee. The Complaint alleges that this donation was an improper transfer of funds between a nonfederal and federal account, prohibited by 11 C.F.R. § 110.3(d). It also alleges that such a donation on February 10, 1999 caused Senator Greenleaf to fail to file his designation of his principal campaign committee in a timely fashion per 11 C.F.R. § 101.1 (although the Complaint cites 11 C.F.R. 100.3(a).)

The second allegation involves a donation of \$25,000 from Citizens to the Montgomery County Republican Committee. Again, the complainant alleges that this donation was an improper expenditure by a nonfederal campaign committee to a federal committee.

Lawrence M. Noble, Esq.
November 15, 2000
Page 3

Third, the Complaint states that Citizens improperly paid for campaign meetings in Blue Bell, Pottstown, and Plymouth Meeting, Pennsylvania, locations outside the boundaries of the 12th state senatorial district.

Finally, the Complaint alleges without any basis that a party paid for by Citizens to thank contributors to Senator Greenleaf's successful 1998 state senatorial campaign was improperly held for contributors to the Senator's U.S. House campaign. Accordingly, the Complaint alleges that, as a result, federal campaign expenses were improperly paid by Citizens.

B. The Actual Facts

Citizens is a campaign committee established in Pennsylvania for the purpose of re-electing Stewart J. Greenleaf to the Pennsylvania Senate. I am its treasurer and have been so for 16 years.

1. Donations to State Republican Committee and Montgomery County Republican Committee

On February 10, 1999, Citizens did, in fact, contribute \$25,000 to the Republican State Committee in Harrisburg, Pennsylvania. However, this contribution was made to a nonfederal committee and simply constituted a permissible contribution from one state committee to another state committee. This contribution is not regulated by federal law. Similarly, on May 4, 1999, Citizens contributed \$25,000 to the nonfederal Montgomery County Republican Committee in

Lawrence M. Noble, Esq.
November 15, 2000
Page 4

Norristown, Pennsylvania. Again, this was a contribution from one state committee to another state committee not regulated by federal law.

2. Expenses for campaign meetings in Blue Bell, Pottstown, and Plymouth Meeting, Pennsylvania.

On March 18, 1999, Senator Greenleaf met with Peter Marinari, campaign manager of Citizens, at Lai Lai Garden Restaurant in Blue Bell, Pennsylvania. I am told that the two men chose this location based upon its convenience to Mr. Marinari, and that the substance of the meeting was to discuss a recent fund-raiser for the state senatorial campaign. Citizens properly paid \$56.55 for the cost of this meeting which related to Senator Greenleaf's state committee.

Citizens also paid for two other such meetings between Senator Greenleaf and members of the his state senatorial campaign committee. The second meeting was on May 18, 1999 at Cutillo's Restaurant in Pottstown and, again, was with Mr. Marinari. The total expense for this meeting was \$26.98. The third meeting, one between Ms. Eleanor M. Martin, finance director of Citizens, and Senator Greenleaf, occurred on June 2, 1999 at the DoubleTree Hunt Club in Plymouth Meeting. The total cost for this meeting was \$19.86. I am told that both of these meetings concerned issues relating to the state senatorial campaign. I would note that state law does not prohibit a campaign from making expenditures outside of a candidate's senatorial district and that these expenses are not regulated by federal law.

3. Thank you party for state senatorial campaign contributors

On May 31, 1999, Citizens hosted an outdoor party to thank the contributors to the successful 1998 state senatorial campaign of Senator Greenleaf. For this event, Citizens spent \$367.03 renting outdoor equipment. In addition, Citizens also spent \$374.82 on food and supplies. The total expenses amounted to \$741.85. Citizens only invited to this party individuals who had made contributions to the state senatorial campaign. Again, these expenses related to the state campaign committee and are not regulated by federal law.

II. LEGAL BACKGROUND

Section 110.3(d) of the Commission's regulations governs the transfer of funds from nonfederal to federal campaigns. 11 C.F.R. § 110.3(d). This regulation reads, in pertinent part, as follows: "Transfers of funds or assets from a candidate's campaign committee or account for a nonfederal election to his or her principal campaign committee or other authorized committee for a federal election are prohibited."

Section 101.1 of the FEC's regulations indicates when a candidate must designate his or her principal campaign committee in writing. 11 C.F.R. § 101.1(a). This designation must take place within 15 days after the individual becomes a candidate according to the parameters of 11 C.F.R. § 100.3. Id. This latter provision of the regulations makes an individual a candidate whenever any of the following occur: an individual receives contributions or makes expenditures in excess of \$5,000; an individual gives his or her consent to another person to do the same and

that person has done so; an individual fails to disavow another person doing the same on the individual's behalf; or a combination thereof. 11 C.F.R. § 100.3. See also 2 U.S.C. § 431(2).

III. LEGAL ANALYSIS

The Commission should dismiss its Complaint against both myself and Citizens. The Commission should find "no reason to believe" that there has been a violation of the Act with regard to any of the statements presented in the Complaint. First, the donations by Citizens to the State Republican Committee and the Montgomery County Republican Committee were legal transfers of funds between Citizens, a nonfederal committee, and two other nonfederal committees. Furthermore, the donation to the State Republican Party did not make Senator Greenleaf a candidate in February 1999 and, therefore, did not trigger a federal filing requirement. Finally, the expenses paid by Citizens for campaign committee meetings and a thank you party were related to the state senatorial campaign and were, as a result, completely proper.

A. Contributions to State Republican Committee and Montgomery County Republican Committee were proper

Citizens donated \$25,000 to the State Republican Committee on February 10, 1999. It made a similar donation to the Montgomery County Republican Committee on May 4, 1999. Such donations were legal transfers from one nonfederal state committee to another nonfederal state committee. As donations to nonfederal state and local party committees for state party purposes, these donations did not come under the control of the Commission. The Federal Election and Campaign Act ("FECA" or the "Act") and the Commission's regulations only

govern contributions and expenditures relating to federal office. Also, as purely state transactions, neither donation related to when Senator Greenleaf should file a designation of his principal campaign committee for a federal office.

B. Payment for campaign meetings in Blue Bell, Pottstown, and Plymouth Meeting, Pennsylvania was proper

Citizens' payment of expenses related to three meetings between Senator Greenleaf and members of his state senatorial campaign committee did not violate any applicable federal statute or regulation. They were simply legal payments of state senate campaign expenses by a nonfederal committee.

Citizens did spend \$52.55, \$26.98, and \$19.86 on March 18, May 18, and June 2, 1999, respectively, for state campaign meetings. The location of these meetings is not relevant to their propriety as being related to Senator Greenleaf's state campaign committee. These meetings took place at the convenience of all those involved, and they concerned various aspects of the state senatorial campaign in which Senator Greenleaf was involved.

The Complaint asserts that these meetings must have been for the federal campaign of Senator Greenleaf because they were outside the state senatorial district in which Senator Greenleaf was running for re-election. No law, however, makes it illegal to have such campaign meetings outside one's state senate district. Nowhere does the complainant include any other evidence pointing to any wrongdoing. The meetings simply were for state senatorial campaign

Lawrence M. Noble, Esq.
November 15, 2000
Page 8

purposes and did not involve federal campaign activity. Because the meetings were not for the purpose of the U.S. House campaign, the payment by Citizens to cover the costs did not constitute improper transfer of funds prohibited by section 110.3(d) of the regulations.

C. Payment for a thank you party for state senatorial campaign contributors was proper

The Complaint alleges that the party to thank contributors to Senator Greenleaf's 1998 state senatorial race was really an improper party for contributors to his federal election. This assertion is based upon the fact that fundraising had already taken place by Greenleaf for Congress, Senator Greenleaf's principal campaign committee for his election to the U.S. House of Representatives, when Citizens held the thank you party. The facts, however, are that this was a party for contributors to Senator Greenleaf's state senate campaign.

Senator Greenleaf won his 1998 election to the Pennsylvania state senate in November 1998. He wished to have an outdoor party to thank the contributors to this successful campaign. Given the nature of the weather in Pennsylvania, an outdoor party was not practical until the warmer summer months. Accordingly, Senator Greenleaf held his party on May 31, 1999.

Citizens only issued invitations to this party to contributors to the state senatorial campaign. That some of the invitees and attendees might have also been past or future contributors to Senator Greenleaf's congressional campaign, as the Complaint suggests, is

Lawrence M. Noble, Esq.
November 15, 2000
Page 9

immaterial, for such overlap is inherent in campaigning for federal office while holding a state office.

The purpose of the party was simply to thank state election supporters and permitted by state law. It was not connected to the campaign for the U.S. House of Representatives. As such, the payment by Citizens of the expenses for the party was not an improper transfer of funds from a nonfederal committee to a federal committee.

D. Conclusion

The Commission should dismiss the Complaint against Citizens and myself. The Complaint is wholly baseless. The donations in question were properly made to a nonfederal state party committee and a local party committee. They did not constitute contributions under the Act and were not otherwise regulated by the Act. As such, they also did not trigger any federal filing requirement on the part of Senator Greenleaf. In addition, the expenses paid by Citizens for the campaign meetings and the thank you party were all related to the state senatorial campaign. Accordingly, these payments were not illegal transfers between nonfederal and federal accounts.

For the above-stated reasons, the Commission should find "no reason to believe" that Citizens and P. Richard Stauffer violated the Act. Therefore, this complaint should be dismissed.

Sincerely,

Lawrence M. Noble, Esq.
November 15, 2000
Page 10

P. Richard Stauffer
Treasurer
Citizens for Greenleaf

A handwritten signature in cursive script, appearing to read "P. Richard Stauffer".

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