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FEDERAL ELECTION COMMISSION

999 E Street, N.W.

Washington, D.C. 20463

FEB 15 2001

2001 FEB 15 A 11: 58

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

AUDIT REFERRAL: 00-03

DATE ACTIVATED: July 20, 2000

EXPIRATION OF STATUTE OF LIMITATIONS:

December 31, 2002¹

STAFF MEMBER: Duane Pugh

SOURCE: AUDIT REFERRAL

RESPONDENTS: Dave Wu for Congress and
Jay Castle, as Treasurer²
George Huang
Edward King
Doreen Margolin
George K. Miller
Carol Santesson
C. Norman Winningstad

**RELEVANT STATUTES
AND REGULATIONS:** 2 U.S.C. § 432(c)(5)
2 U.S.C. § 432(d)
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(f)
11 C.F.R. § 103.3(b)(3)
11 C.F.R. § 110.1(b)(5)
11 C.F.R. § 110.1(k)(3)

INTERNAL REPORTS CHECKED: Audit Documents
Disclosure Reports

FEDERAL AGENCIES CHECKED: None

¹ The statute of limitations began running with the first excessive contribution, which was received on December 31, 1997. The last excessive contribution was received on December 31, 1998.

² The Committee's treasurers during the audit period were Karen L. Rasmussen from August 12, 1997 (the inception of the Committee) through July 16, 1998, Donna K. Urban from July 16, 1998 through December 8, 1998, and Jay Castle as Assistant Treasurer from August 12, 1998 through the end of the audit period. Mr. Castle is the current Treasurer.

22-04-405-4315

I. GENERATION OF MATTER

This matter was generated by an audit of Dave Wu for Congress (the "Committee") and Jay Castle, as Treasurer, undertaken in accordance with 2 U.S.C. § 438(b). *See* Attachment 1. The audit covered the period from July 15, 1997 through December 31, 1998.

II. FACTUAL AND LEGAL ANALYSIS

The Audit Division found that the Committee accepted contributions from 85 individuals that exceeded the applicable contribution limitation in 2 U.S.C. § 441a(a)(1)(A) by a total of \$69,117. *See* Attachment 1, at 4. Upon further clarification from the Audit Division and this Office's review, it appears that the Committee accepted contributions from 83 individuals that exceeded the applicable contribution limitations in 2 U.S.C. § 441a(a)(1)(A) by a total of \$69,682. Attachment 2.³ These contributions were not reattributed or redesignated within the 60-day periods permitted by 11 C.F.R. § 110.1(b)(5)(ii)(B) or § 110.1(k)(3)(ii)(B). Nor were these contributions refunded within the 60-day period permitted by 11 C.F.R. § 103.3(b)(3).

³ By memorandum dated June 26, 2000, this Office requested further analysis of the excessive contribution finding from the Audit Division. The Audit Division's initial response was dated July 20, 2000. This Office and the Audit Division conducted further analysis and discussion, and the final version of Attachment 2 was received on January 16, 2001.

22-04-405-4316

George K. Miller contributed \$4,000 to the Committee's primary election campaign.

The Audit Division found that the following individuals contributed the following amounts to the Committee's general election campaign: George Huang, \$3,000; Edward King, \$2,032.37; Doreen Margolin, \$2,250; Carol Santesson, \$2,250; and C. Norman Winningstad, \$2,100. Attachment 2. Therefore, based on the audit referral and the schedule of contributions, this Office recommends the Commission find reason to believe that George Huang, Edward King, Doreen Margolin, Carol Santesson, and C. Norman Winningstad violated 2 U.S.C. § 441a(a)(1)(A). Given the small size of these contributions and in furtherance of the Commission's priorities and resources, however, this Office also recommends that the Commission take no further action against them and send admonishment letters to these respondents. *See Heckler v. Chaney*, 470 U.S. 821 (1985).

22-04-405-4317

III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

22.04.405.4318

22.04.405.4319

IV. RECOMMENDATIONS

Open a Matter Under Review;

Find reason to believe that George Huang, Edward King, Doreen Margolin, Carol Santesson, and C. Norman Winningstad made excessive contributions to Dave Wu for Congress in violation of 2 U.S.C. § 441a(a)(1)(A), but take no further action, send admonishment letters, and close the file as it pertains to these respondents;

Lois G. Lerner
Acting General Counsel

2/15/01
Date

BY: 
Gregory R. Baker
Acting Associate General Counsel

22-04-405-4320