



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

FEB 13 2004

**Richard A. Wright, Esq.
Wright Judd & Winckler
Bank of America Plaza
300 South Fourth Street, Suite 701
Las Vegas, NV 89101**

**RE: MUR 5305
James M. Rhodes
Rhodes Design & Development Corp.**

Dear Mr. Wright:

On October 3, 2002, the Federal Election Commission notified your clients, James M. Rhodes and Rhodes Design and Development Corporation, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint and information provided by you, the Commission, on February 3, 2004, found that there is reason to believe your clients violated 2 U.S.C. §§ 441f, 441a(a)(1)(A), and 441b(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

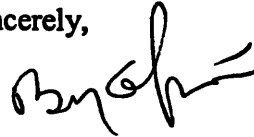
You may submit any factual or legal materials you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

Sincerely,



Bradley A. Smith
Chairman

Enclosure
Factual and Legal Analysis

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Rhodes Design and Development Corp.
James M. Rhodes

MUR 5305

I. GENERATION OF MATTER

This matter was generated by a complaint filed with the Federal Election Commission by Donald F. McGahn II, General Counsel of the National Republican Congressional Committee. See 2 U.S.C. § 437g(a)(1).

II. BACKGROUND

Complainant alleges that contributions to Herrera for Congress ("the Herrera Committee") by employees of Rhodes Design and Development Corporation ("RDDC" or "Rhodes") and their spouses were made as part of a reimbursement scheme. RDDC is a Las Vegas, Nevada-based real estate development corporation headed by James M. Rhodes. Complainant alleges that either James M. Rhodes or RDDC was the true source of the funds.

During the period between April 24, 2001 and March 29, 2002, fourteen RDDC employees and two of their spouses (together "the RDDC contributors") contributed a total of \$27,000 to the Herrera Committee. These contributions are shown in the table below:

**RHODES CONTRIBUTORS'
CONTRIBUTIONS TO THE HERRERA COMMITTEE**

Date of Contribution	Name of Contributor	Employer/Occupation	Amount	Election Designation
4/24/01	James M Rhodes	Rhodes Design	\$1,000	Primary
4/24/01	Donna Escoto	Rhodes Construction/ Director of Purchasing	\$1,000	Primary
4/24/01	Nancy D Kurtik	Rhodes Construction/ Director of Sales	\$1,000	Primary
4/24/01	Lori J Marko	Rhodes Construction/ Escrow Manager	\$1,000	Primary
4/24/01	Kathryn J Sanucci	Rhodes Construction/ Product Supervisor	\$1,000	Primary
6/30/01	Lori J Marko	Rhodes Construction/ Escrow Manager	\$1,000	General
6/30/01	Kathryn J Sanucci	Rhodes Construction/ Product Supervisor	\$1,000	General

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6/30/01	James A Bevan	Rhodes Design/CFO	\$1,000	General
6/30/01	James A Bevan	Rhodes Design/ CFO	\$1,000	Primary
6/30/01	Nadine Giudicessi	Rhodes Design/ Controller	\$1,000	General
6/30/01	Nadine Giudicessi	Rhodes Design/ Controller	\$1,000	Primary
6/30/01	Dean L Griffith	Rhodes Design/ General Manager	\$1,000	General
6/30/01	Dean L Griffith	Rhodes Design/ General Manager	\$1,000	Primary
6/30/01	Dirk P Griffith	Rhodes Design/ General Supervisor	\$1,000	General
6/30/01	Dirk P Griffith	Rhodes Design/ General Supervisor	\$1,000	Primary
6/30/01	Margaret Hester	Rhodes Design/ HR Manager	\$1,000	Primary
6/30/01	Andrea J Zoanni	Rhodes Design/ Payroll Clerk	\$1,000	Primary
6/30/01	Andrea J Zoanni	Rhodes Design/ Payroll Clerk	\$1,000	General
6/30/01	Mona M Wilcox	Rhodes Framing/ Controller	\$1,000	General
6/30/01	Mona M Wilcox	Rhodes Framing/ Controller	\$1,000	Primary
12/17/01	James M Rhodes	Rhodes Design	\$1,000	General
3/29/02	Gary Giudicessi	Imperial Palace/ Hotel Security	\$1,000	Primary
3/29/02	Gary Giudicessi	Imperial Palace/ Hotel Security	\$1,000	General
3/29/02	Margaret Hester	Rhodes Design/ HR Manager	\$1,000	General
3/29/02	Kevin Hester	Ry/Sys Management/ Painter	\$1,000	Primary
3/29/02	Ronald E Gillette	Rhodes Homes/ Corporate Counsel	\$1,000	General
3/29/02	Ronald E Gillette	Rhodes Homes/ Corporate Counsel	\$1,000	Primary
		TOTAL	\$27,000	

As the chart reflects, the \$27,000 in contributions were “bundled” on four specific dates, with over half of the total (\$15,000) contributed on June 30, 2001. Despite their wide range of positions, the RDDC contributors all made the maximum contribution allowed by the Act.

In addition to their contributions to the Herrera Committee, five of the RDDC contributors also made contributions to Friends for Harry Reid (“the Reid Committee”) during the 2000 election cycle. The table below demonstrates these contributions:

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**RHODES CONTRIBUTORS'
CONTRIBUTIONS TO REID COMMITTEE**

Date of Contribution	Name of Contributor	Employer/Occupation	Amount	Election Designation
6/29/01	Nadine Giudicessi	Rhodes Design/ Controller	\$1,000	General
6/29/01	Nadine Giudicessi	Rhodes Design/ Controller	\$1,000	Primary
6/29/01	Dean L. Griffith	Rhodes Design/ General Manager	\$1,000	General
6/29/01	Dean L. Griffith	Rhodes Design/ General Manager	\$1,000	Primary
6/29/01	Dirk P. Griffith	Rhodes Design/ General Supervisor	\$1,000	General
6/29/01	Dirk P. Griffith	Rhodes Design/ General Supervisor	\$1,000	Primary
6/29/01	James A. Bevan	Rhodes Design/CFO	\$1,000	General
6/29/01	James A. Bevan	Rhodes Design/ CFO	\$1,000	Primary
6/29/01	Mona M. Wilcox	Rhodes Framing/ Controller	\$1,000	Primary
6/29/01	Mona M. Wilcox	Rhodes Framing/ Controller	\$1,000	General
		TOTAL	\$10,000	

III. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended ("the Act"), prohibits any person from making a contribution in the name of another or knowingly permitting his or her name to be used to make such a contribution. 2 U.S.C. § 441f. The Act also limits the amount that persons other than multicandidate committees may contribute to any candidate for federal office to \$1,000 per election. 2 U.S.C. § 441a(a)(1)(A). Additionally, the Act prohibits corporations from making contributions or expenditures from their general treasury funds in connection with the election of any candidate for federal office. 2 U.S.C. § 441b(a). Section 441b(a) also prohibits any officer or director of any corporation from consenting to any contribution or expenditure by the corporation.

Taken as a whole, the available facts demonstrate that fourteen individuals who either work for, or have a spouse that works for, a single corporation, contributed the maximum amount allowed by the Act to either a single candidate or, in some cases, two candidates during the 2002 election cycle. The five individuals who contributed to the Reid Committee did so just one day before they contributed to the Herrera Committee. These contributors contributed the maximum

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to both committees in both the primary and general election, for a total of \$4,000 each over a period of two days. Aside from Mr. Rhodes, none of these contributors appears ever to have made a political contribution in the past, and none has made a contribution since.

Thus, it appears that Mr. Rhodes, a frequent and knowledgeable contributor, orchestrated a reimbursement scheme whereby RDDC employees and their spouses contributed the maximum allowable under the Act to both the Herrera and Reid Committees and were reimbursed either with RDDC funds or with Mr. Rhodes' personal funds. Reimbursement of these contributions with corporate funds would constitute unlawful corporate contributions from RDDC to the Herrera and Reid Committees in violation of 2 U.S.C. §§ 441f and 441b(a), while reimbursement with Mr. Rhodes's personal funds would be a contribution in the name of another in violation of 2 U.S.C. §§ 441f, 441b(a), and 441a(a)(1)(A).

Therefore, there is reason to believe that the Rhodes Design and Development Corp. violated 2 U.S.C. §§ 441f and 441b(a) by making corporate contributions in connection with a federal election, and reason to believe James M. Rhodes violated 2 U.S.C. §§ 441f, 441b(a), and 441a(a)(1)(A) by making contributions in the names of his employees.

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