



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

SEP 30 2004

Mr. Leland Brendsel

McClean, Virginia 22102-1515

RE: MUR 5390

Dear Mr. Brendsel:

On September 14, 2004, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441b, a provision of the Federal Election Campaign Act of 1971, as amended ("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 that 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 your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred

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.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such

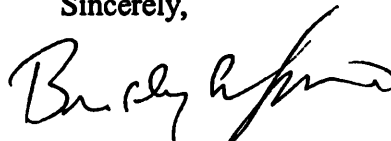
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counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Tracey L. Ligon, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Bradley A. Smith
Chairman

Enclosures
Factual and Legal Analysis

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1 **FEDERAL ELECTION COMMISSION**
2 **FACTUAL AND LEGAL ANALYSIS**
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4

5 RESPONDENT: Leland Brendsel

MUR 5390

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8 **I. INTRODUCTION**
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10 This matter was generated by the Federal Election Commission ("Commission")
11 pursuant to information ascertained in the normal course of carrying out its supervisory
12 responsibilities.

13 **II. FACTUAL AND LEGAL ANALYSIS**

14 **A. Background**

15 The Federal Home Loan Mortgage Corporation ("Freddie Mac") is a stockholder-
16 owned corporation chartered by the U.S. Congress to provide a continuous and low-cost
17 source of capital to finance America's housing.¹ Freddie Mac is subject to congressional
18 oversight by the House Committee on Financial Services. The corporation is also subject
19 to oversight by the U.S. Department of Housing and Urban Development (HUD) and the
20 Office of Federal Housing Enterprise Oversight (OFHEO). Freddie Mac and its
21 employees and vendors reportedly engaged in a myriad of campaign fundraising
22 activities, including corporate facilitation of individual earmarked contributions by
23 Freddie Mac.

24 **B. Corporate Facilitation of Contributions**

25 Robert Mitchell Delk ("Mitch Delk"), Senior Vice President of Government
26 Relations at Freddie Mac between January 1999 and March 2004, and Clarke Camper,

¹ This description was taken from Freddie Mac's website, located at <http://www.freddiemac.com/orate/whowere/regulation/oversight.html> (visited April 15, 2004).

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1 Vice President of Government Relations, reportedly had a practice of soliciting individual
2 earmarked contributions from Freddie Mac executives, which were collected and
3 transmitted by Freddie Mac personnel to recipient campaign committees. Both Mr. Delk
4 and Mr. Camper reportedly discussed individual contributions to federal candidates with
5 senior Freddie Mac executives, including the Chief Executive Officer ("CEO") and
6 General Counsel, and forwarded the contributions to the recipient committees, sometimes
7 with the assistance of Freddie Mac personnel. Freddie Mac reportedly describes these
8 activities as "personal activity" and maintains that all of the executives solicited for
9 contributions, which were solicited between September 1998 and July 2002 and totaled
10 \$41,500, were part of Freddie Mac's restricted class.

11 A corporation may make partisan communications to its restricted class, which
12 includes its stockholders and executive or administrative personnel and their families.
13 *See* 2 U.S.C. § 441b(b)(2)(A); 11 C.F.R. §§ 114.1(a)(2)(i) and 114.3; *see also* footnote 7.
14 As such, a corporation may solicit or suggest in a communication sent to its restricted
15 class that they contribute to a particular candidate or committee; however, a corporation
16 (including officers, directors or other representatives acting as agents of corporations)
17 may not facilitate the making of the individual's contribution to the candidate or act as a
18 conduit for individual contributions. *See* 11 C.F.R. §§ 114.2(f) and 110.6(b)(2)(ii).
19 Examples of facilitating the making of contributions include: (1) officials or employees
20 of the corporation ordering subordinates or support staff (who therefore are not acting as
21 volunteers) to plan, organize or carry out the fundraising project as a part of their work
22 responsibilities using corporate resources; and (2) providing materials for the purpose of
23 transmitting or delivering contributions, such as stamps, envelopes addressed to a

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1 candidate or political committee other than the corporation's or labor organization's
2 separate segregated fund, or other similar items which would assist in transmitting or
3 delivering contributions, but not including providing the address of the candidate or
4 political committee. *See* 11 C.F.R. § 114.2(f)(2)(ii).

5 Ms. Ella Lee, the assistant to Leland Brendsel, the CEO of Freddie Mac,
6 reportedly "relayed messages" between Mr. Delk, Mr. Camper and Mr. Brendsel, as well
7 as other executives concerning individual contributions to federal candidates. In
8 addition, Ms. Lee reportedly collected contributions from the executives and transmitted
9 them to the candidates' campaigns or to Mr. Delk or Mr. Camper, who then transmitted
10 the contributions to the campaigns. At times, Ms. Lee reportedly arranged for a courier
11 service paid by Freddie Mac to deliver the checks to the campaigns. The record contains
12 no indication that Ms. Lee was acting as a volunteer in carrying out these activities.
13 Documents contained in the record indicate that \$5,000 in individual contributions was
14 transmitted to campaign committees by courier paid for by Freddie Mac between
15 September and November 2001. Based on the foregoing, there is reason to believe that
16 Leland Brendsel, as an officer and agent of Freddie Mac, violated 2 U.S.C. § 441b by
17 consenting to the use of corporate resources to facilitate campaign contributions.

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