



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

DEC 10 2003

Francis P. Cannon, Treasurer  
Bauer for President 2000, Inc.  
P.O. Box 266  
Kensington, MD 20895

RE: MUR 5396  
Bauer for President 2000, Inc.

Dear Mr. Cannon:

On November 18, 2003, the Federal Election Commission found that there is reason to believe Bauer for President 2000, Inc. ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a), provisions 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 findings, is attached for your information.

On the same date, the Commission found that there is no reason to believe that the Committee, and you as treasurer, violated 2 U.S.C. § 441b(a) by receiving a prohibited contribution from the Lukens Cook Company in connection with a mailing list rental agreement. Further, the Commission took no further action and dismissed the issue of whether the Committee received an excessive contribution from Campaign for Working Families PAC in the form of an extension of credit in violation of 2 U.S.C. § 441a(f).

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 and proceed with conciliation.

In order to expedite the resolution of this matter, the Commission has also decided to offer to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Enclosed is a conciliation agreement that the Commission has approved.

If you are interested in expediting the resolution of this matter by pursuing preprobable cause conciliation, and if you agree with the provisions of the enclosed agreement, please sign and return the agreement, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

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

Francis Cannon, treasurer  
Bauer for President 2000, Inc.  
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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 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 attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Delanie DeWitt Painter, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Ellen L. Weintraub  
Chair

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Conciliation Agreement

cc: Gary L. Bauer

1  
2 **FEDERAL ELECTION COMMISSION**  
3 999 E Street, N.W.  
4 Washington, D.C. 20463  
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6 **FACTUAL AND LEGAL ANALYSIS**  
7

8 **RESPONDENTS:** Bauer for President 2000, Inc. **MUR: 5396**  
9 and Francis P. Cannon, as Treasurer  
10

11 **I. INTRODUCTION**

12 This matter was generated based on information ascertained by the Federal Election  
13 Commission ("the Commission") in the normal course of carrying out its supervisory  
14 responsibilities. See 2 U.S.C. § 437g(a)(2). The Commission audited Bauer for President 2000,  
15 Inc. (the "Committee") and Francis P. Cannon, as Treasurer,<sup>1</sup> in accordance with 26 U.S.C.  
16 § 9038(a). The audit covered the period from February 4, 1999 through May 31, 2000. The  
17 Commission approved the Audit Report on May 31, 2002.

18 **II. FACTUAL AND LEGAL ANALYSIS**

19 **A. DONOR LIST EXCHANGE -- EXCESSIVE CONTRIBUTION**

20 There is reason to believe that an exchange of donor lists between the Committee and  
21 Campaign for Working Families PAC ("CWF"), a multicandidate political committee associated  
22 with Gary L. Bauer, the candidate, resulted in an excessive contribution. As discussed below,  
23 there is reason to believe that the list exchange resulted in an excessive contribution because the  
24 donor lists or portions of lists exchanged were not of equal value.

25 It appears that the Committee and CWF made an oral agreement in early 1999 to  
26 exchange donor lists. The candidate formed CWF in 1996 and was listed on CWF letterhead in  
27 2000 as the Chairman of CWF.<sup>2</sup> The candidate is also listed as CWF's chairman on its web site.

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<sup>1</sup> The Treasurer for the Committee from February 4, 1999 through May 19, 1999 was Constance G. Mackey. The current Treasurer, Francis P. Cannon, was designated on May 20, 1999.

<sup>2</sup> CWF registered as a political committee with the Commission in November 1996 and qualified for multi-candidate status in August 1997.

1 See [http://www.cwfpac.com/chairmans\\_corner.html](http://www.cwfpac.com/chairmans_corner.html). The fact that the list exchange was between  
2 the candidate's presidential campaign and his leadership PAC indicates that the exchange was  
3 not made at arm's length and is one possible indicator the lists exchanged were not of equal  
4 value.

### 5 **1. List Exchange Process**

6 Although there does not appear to be a written agreement, the list exchange between  
7 CWF and the Committee is delineated in a memorandum dated January 22, 1999 between the  
8 President of a Committee direct mail vendor, the Lukens Cook Company, and the treasurer of  
9 CWF.<sup>3</sup> The memorandum states that to "facilitate the exchange process and ensure as few delays  
10 as possible" the Committee would receive a complete copy of the CWF donor and non-donor  
11 files for use during the exploratory process and any subsequent presidential campaign. In  
12 exchange, the Committee was to provide CWF with a complete copy of its donor and non-donor  
13 files at the end of the campaign. As discussed below, CWF and the Committee were to pay the  
14 cost of providing each other with copies of their donor lists. The CWF names would remain the  
15 sole property of CWF and the Committee names would remain the property of the Committee.

16 According to the memorandum, list exchanges between the Committee and CWF would  
17 be coordinated through Pinnacle List Company ("Pinnacle"), a list broker, which would keep an  
18 "exchange balance history for both donors and non-donors" including sample copy, mail dates  
19 and quantities for each Committee usage of CWF files.<sup>4</sup> The memorandum stated that the  
20 Committee would submit to Pinnacle a "Request to Mail Form" with proposed copy for each

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<sup>3</sup> The memorandum is from Walter Lukens, President of the Lukens Cook Company to Peter Dickinson, former treasurer of CWF. It describes the operation of the list exchange process but does not itself appear to be a written agreement. Thus, the precise terms of the agreement between CWF and the Committee remain unclear and all of the terms may not be reflected in the January 22, 1999 memorandum.

<sup>4</sup> An exchange balance history appears to be a running record of the number of names used

1 planned mailing. Upon CWF's approval, the Committee would pull "selects" of groups of names  
2 from its copy of the CWF donor files, directly paying the cost of pulling these names, and  
3 provide an "output count" to Pinnacle. Likewise, the memorandum stated that when CWF  
4 received and used the Committee's donor lists at the end of the campaign, it would pull its  
5 selects from the Committee's files and directly pay the costs of doing so.

6       There appears to be some discrepancy between the language in the memorandum and  
7 Pinnacle's subpoena response concerning the extent of Pinnacle's role in these transactions;  
8 however, the Committee appears to have ultimately provided an exchange balance to Pinnacle.  
9 Pinnacle stated through its President, Holly Ruble, that it did not have responsibility for or access  
10 to list usage communications between CWF and the Committee during the campaign. It stated  
11 that it understood that a Committee staff member would track and record list exchanges between  
12 the Committee and CWF. Pinnacle explained that it requested the "exchange balance and list  
13 usage records" between the Committee and CWF at the end of the Committee's campaign  
14 activity in March 2000 in "an effort to confirm and document the list exchange balances now  
15 owed" to CWF by the Committee. Pinnacle provided the Commission with a document it  
16 received from the Committee listing information about each Committee use of the CWF donor  
17 file including the date and quantity and "shared this exchange transaction history with our client,  
18 CWF, by way of their list exchange log." Pinnacle asserted that it accepted the Committee's  
19 record of these transactions as accurate. Because the exchange balance listed on the document  
20 provided by Pinnacle is a total of names used in the separate mailings and is much larger than the  
21 total number of names on CWF's donor list, it appears that some CWF names were used multiple  
22 times by the Committee.

1 It appears that CWF gave its files to the Committee soon after the agreement was made.  
2 CWF stated that on February 1, 1999 it made available to the Committee the "Campaign for  
3 Working Families house list," containing 87,013 donors and 51,507 non-donors. The exchange  
4 balance document provided by Pinnacle lists the first Committee mailing use of the CWF list as  
5 occurring on February 5, 1999. According to information obtained from the *SRDS Direct*  
6 *Marketing List Source* (December 1998-December 1999), the CWF rents its mailing list for \$115  
7 per 1000 names and the Committee rents its list for \$130 per 1000 names.<sup>5</sup> It appears that the  
8 Committee used CWF's file 22 times during the period from February 5, 1999 through February 28,  
9 2000, for an aggregate total of 957,338 names, and CWF used the Committee's donor files 8 times  
10 from June 2000 through February 2001, for an aggregate total of 174,501 names.<sup>6</sup>

## 11 2. The Value of the Mailing Lists

12 In Advisory Opinion ("AO") 2002-14, the Commission allowed a committee to  
13 "exchange its mailing lists or portions of its mailing lists... provided that the lists or the portions  
14 of the lists that are exchanged are of equal value." In AO 2002-14 the Commission concluded  
15 that the rental or exchange of mailing lists by the Libertarian National Committee ("LNC")  
16 would not result in a contribution if certain conditions were met. The Commission noted that the  
17 LNC list was developed by the LNC over a period of time, had a unique nature and did not  
18 constitute merely a list purchased from other sources. It further noted that the list was developed  
19 primarily for the LNC's use for its own political or campaign purposes, and not for sale or lease  
20 of the names on the list to others. The lease of the LNC list was only a small percentage of its

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<sup>5</sup> The *SRDS Direct Marketing List Source* refers to cost per 1000 names and does not specifically address the cost for multiple uses of the same name

<sup>6</sup> Based on the information available, CWF and the Committee did not use all the names in the respective files each time they used the files. Rather, they chose categories of names (selects) from the complete list. Selects are characteristics that identify segments or subgroups within a list (e.g., veterans).

1 use of the list. The Commission concluded that under these circumstances, the LNC could  
2 exchange its mailing lists or portions of its mailing lists with any organization, including a  
3 political committee, provided that the lists or portions of the lists that were exchanged were of  
4 equal value without the exchange resulting in a contribution or transfer subject to the Act.

5 As discussed below, there are several ways that the two mailing lists and the exchanges of  
6 those lists can be valued. It would appear, however, that there is no apparent valuation under  
7 which this transaction can be considered an exchange of donor lists of equal value. Thus, there is  
8 reason to believe that the list exchange was an excessive contribution from CWF to the  
9 Committee.

10 Preliminarily, a number of factors complicate calculating the value of the mailing lists  
11 and make any calculation uncertain and imprecise at best. There is apparently no written  
12 agreement delineating the exact terms of the oral list exchange agreement, so it is unclear how  
13 the Committee and CWF calculated the value of their lists. The references to exchange balances  
14 "owed" in Pinnacle's subpoena response need further clarification. In addition, the Committee's  
15 list included numerous CWF names, which might have had little value to CWF. However, more  
16 recent contacts with prospective donors may have made particular donor names more valuable.<sup>7</sup>  
17 The Committee has not provided evidence to support its contention that its use of CWF names  
18 added value to them or to determine the amount of value added by such use.

19 Also, the comparative value of the mailing lists is uncertain because the list exchange  
20 agreement was apparently made when the CWF list existed but before the Committee created its  
21 donor list during the campaign. Thus, at the time of the list exchange agreement the value of the

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<sup>7</sup> The Committee submitted a response to the Preliminary Audit Report. In addition, the Committee submitted a letter for the Commission's consideration on May 23, 2002, in response to questions raised about this issue during the Commission discussion of the Audit Report on May 16, 2002.

1 Committee's list was purely speculative. The Committee asserts that the list exchange was of  
2 equal value, according to accepted industry practice, at the time the exchange agreement was  
3 entered into by the parties. It contends that, at the time of the exchange, "CWF gave the  
4 Committee its existing list for unlimited use during a limited period of time and the Committee  
5 promised CWF the list the Committee would develop during the campaign for unlimited use, in  
6 perpetuity." The Committee argues its failure "to generate during the campaign the number of  
7 names the parties expected it to generate does not show that the exchange was not commercially  
8 reasonable when it took place, i.e. when the exchange agreement was made." It further contends  
9 that the auditors made "no effort to determine the 'value' of the 'future' use of the names  
10 expected to be generated by the Committee at the time the exchange agreement was made," but  
11 compared "CWF's 'actual use' of the Committee's list versus the Committee's actual use of  
12 CWF's list."

13 The Committee, however, has not provided information to support these assertions such  
14 as documentation concerning accepted industry standards, how CWF and the Committee valued  
15 their lists at the time of the exchange agreement, the value of CWF's use of the Committee's list  
16 in perpetuity, or the parties' expectations about the number of names that would be generated for  
17 the Committee's list. Additionally, the Committee has also not explained why a list balance was  
18 maintained by Pinnacle if the expectations of the parties were that the exchanges would be of  
19 equal value, regardless of the number of names used by each party. While there may be some  
20 value to providing a list in perpetuity, the Committee has also not addressed the fact that a  
21 mailing list's value may deteriorate over time. Finally, the Committee's valuation contention is  
22 undermined by the fact that the Committee provided no evidence demonstrating that it provided  
23 any names to CWF after May 2001.



Turning then to the value of the lists, there are several possible ways to determine the difference between the CWF and Committee lists and the consequent amount of CWF's in-kind contribution to the Committee. The Commission's auditors calculated the list value based on the disparity in the total number of names used from the two lists: the value of 957,338 CWF names was \$110,094 ( $957,338/1000 \times \$115$ ) and the value of 174,501 Committee names was \$22,685 ( $174,501/1000 \times \$130$ ), so the difference and CWF contribution amount calculated by the auditors was \$87,409 ( $\$110,094 - \$22,685$ ). Alternatively, the value of the lists based on a one time use of each would be as follows: the value of the CWF list would be ( $138,520/1000 \times \$115$ ) = \$15,929.80 and the value of the Committee list would be ( $83,821^8/1000 \times \$130$ ) = \$10,826.53, resulting in a difference and contribution amount of \$5,103.27 ( $\$15,929.80 - \$10,826.53$ ). Another possible calculation would be to consider the value of a one-time use of the entire CWF list compared to the value of that portion of the Committee's list that did not include names derived from CWF's list, because CWF had access to its own list. The value of CWF's list would be \$15,929.80 less the value of the non-CWF portion of the Committee's list, ( $25,547/1000 \times \$130$ ) = \$3,321.11, resulting in a difference and contribution amount of \$12,608.69.<sup>9</sup> Each of these alternative calculations supports the conclusion that the lists or portions of lists exchanged were not of equal value. The primary difference between them is the size of CWF's excessive contribution to the Committee.

<sup>8</sup> This figure is included in a subsequent agreement between the Committee and the Lukens Cook Company. However, the Lukens Cook Company and the Committee state the number of Committee names exchanged under that agreement was 113,293, including 25,547 that did not originate with CWF. This figure would result in a value of a one-time use of the entire Committee list of \$14,728.09. This amount is closer in value to a one-time use of the CWF list but still has an unequal value of approximately \$1,200 less than CWF's list.

<sup>9</sup> The Committee reported receipt of a separate \$4,000 contribution from CWF on January 29, 1999. Thus, the excessive portion of CWF's contribution under these calculations would be \$1,000 less than the difference in value. See 2 U.S.C. § 441a(a)(2)(A).

Therefore there is reason to believe that CWF exchanged its mailing list, or portions of its mailing list, for a Committee mailing list that was not of equal value. The Committee received an excessive in-kind contribution from CWF in the form of the provision of CWF's donor list at less than the usual and normal charge. 2 U.S.C. §§ 441a(a)(2)(A), 441a(f); 11 C.F.R.

§ 100.7(a)(1)(iii). Therefore, there is reason to believe that Bauer for President 2000, Inc., and Francis P. Cannon, as treasurer accepted excessive an in-kind contribution from the Campaign for Working Families PAC in violation of 2 U.S.C. § 441a(f).

#### **B. EXTENSIONS OF CREDIT – CORPORATE CONTRIBUTIONS**

There is reason to believe that the Committee received prohibited contributions in the form of extensions of credit from three direct mail vendors: America Direct, Inc.; RST Marketing Associates, Inc. ("RST"); and Moore Response Marketing Services ("Moore"). These vendors provided direct mail services to the Committee for which they were not fully paid in a timely manner. Thus, these vendors made, and the Committee received, prohibited contributions. In response to the Preliminary Audit Report, the Committee disputed that it received an in-kind contribution from these vendors or that credit was extended outside the ordinary course of business. It stated that it had sought documentation concerning these transactions, but had not yet been able to obtain it. The Committee asserted that the conclusion that these extensions of credit were not in the ordinary course of business conflicts with thirty-years of information in the Commission's files concerning presidential committees and vendors.

The extension of credit by any person is a contribution unless it is extended in the ordinary course of business and the terms are substantially similar to extensions of credit to nonpolitical debtors of similar risk and size of obligation. 11 C.F.R. § 100.7(a)(4). If a creditor fails to make a commercially reasonable attempt to collect the debt, a contribution will result.

1 *Id.*; see 11 C.F.R. § 116.3 and 116.4. Although corporate contributions are prohibited, 2 U.S.C.  
2 § 441b(a) and (b), an extension of credit by an incorporated commercial vendor to a candidate or  
3 political committee will not be considered a contribution provided the terms are substantially  
4 similar to its extensions of credit to nonpolitical debtors that are of similar risk and size of  
5 obligation, and the credit is extended in the ordinary course of the commercial vendor's business.  
6 11 C.F.R. § 116.3(a) and (b), see 11 C.F.R. § 116.1. To determine if credit was extended in the  
7 ordinary course of the commercial vendor's business, the Commission will consider: 1) whether  
8 the commercial vendor followed its established procedures and its past practice in approving the  
9 extension of credit; 2) whether the commercial vendor received prompt payment in full if it  
10 previously extended credit to the same candidate or political committee; and 3) whether the  
11 extension of credit conformed to the usual and normal practice in the commercial vendor's trade  
12 or industry. 11 C.F.R. § 116.3(c).

13 **1. America Direct, Inc.**

14 America Direct, Inc. served as a direct mail vendor for the Committee. The Committee  
15 received invoices from America Direct for the services it provided. The invoices noted that the  
16 Committee's payments were "due on receipt" or "net 30."<sup>10</sup> The Commission's audit revealed  
17 that eight invoices remained outstanding for an excessive period. Five invoices totaling  
18 \$108,071, dated between February 17, 1999 and April 1, 1999, were paid by a single check on  
19 July 27, 1999. Prior to payment, the invoices were outstanding for 117 to 160 days. Two  
20 invoices in the amounts of \$62,579 and \$31,328 were dated December 6, 1999. The Committee  
21 paid the first invoice (\$62,579) in two installments: a payment of \$33,000 on May 31, 2000, 177  
22 days subsequent to the date of the invoice, and a payment of \$29,579 on July 24, 2000, 231 days

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<sup>10</sup> "Net 30" means payment is due within 30 days.

1 after the date of the invoice. The second invoice (\$31,328) was paid on April 19, 2000, 135 days  
2 after the date of the invoice. The final invoice (\$57,884) was dated December 28, 1999 and was  
3 paid on June 30, 2000, 185 days after the date of the invoice.

4 There is no available evidence that America Direct sent follow-up invoices or made  
5 additional attempts to collect the amounts due. The Committee reported the amounts due as  
6 debts. The Committee's July 2003 Quarterly Report discloses a debt of \$35,889.42 owed to  
7 America Direct, which may reflect a subsequent extension of credit to the Committee.

8 The extension of credit by America Direct appears to be a prohibited corporate  
9 contribution. 2 U.S.C. § 441b. Although America Direct is a commercial vendor, the  
10 Committee has not provided evidence that America Direct's extension of credit to the Committee  
11 was in the ordinary course of business, on terms that were substantially similar to its extension of  
12 credit to nonpolitical debtors of similar risk and size of obligation. 11 C.F.R. §§ 100.7(a)(4),  
13 116.3(b). The Committee has provided no evidence that America Direct followed its established  
14 procedures and past practice or that the extension of credit conformed to the usual and normal  
15 practice in the direct mail industry. 11 C.F.R. §§ 100.7(a)(4), 116.3(b). For example, there is no  
16 evidence of collection efforts by this vendor or information about its collection policies and  
17 practices, advance payment policies, or billing cycles for nonpolitical debtors. Further, it appears  
18 that America Direct may have continued to extend credit to the Committee despite not receiving  
19 prompt payment of prior extensions of credit. *Id.* Thus, it appears that America Direct, Inc.'s  
20 extension of credit to the Committee was not in the ordinary course of business.

21 Therefore, there is reason to believe that Bauer for President 2000, Inc. and Francis P.  
22 Cannon, as Treasurer, accepted prohibited contributions from America Direct Inc. in violation of  
23 2 U.S.C. § 441b(a).

1                   **2. RST Marketing Associates, Inc.**

2                   RST also provided direct mail services to the Committee and billed the Committee  
3                   \$1,149,315. Terms noted on the invoices indicated that payment was “due in 30 days.” Twelve  
4                   invoices from this vendor, totaling \$342,613, were not paid timely. Seven invoices, in amounts  
5                   ranging from \$1,500 to \$12,000, remained outstanding between 134 to 164 days.<sup>11</sup> The  
6                   remaining five invoices, in amounts between \$40,000 and \$93,000, remained outstanding  
7                   between 103 and 195 days. Based on records made available to the Commission’s Audit staff, it  
8                   does not appear that RST sent subsequent invoices or made additional attempts to collect the  
9                   amounts due.<sup>12</sup> The Committee’s July 2003 Quarterly Report discloses a debt of \$26,531.97  
10                  owed to RST, which might indicate a subsequent extension of credit to the Committee.

11                  RST’s extension of credit appears to be a prohibited corporate contribution to the  
12                  Committee. 2 U.S.C. § 441b. The Committee has not provided evidence that RST’s extension  
13                  of credit to the Committee was in the ordinary course of business, on terms that were  
14                  substantially similar to its extension of credit to nonpolitical debtors of similar risk and size of  
15                  obligation. 11 C.F.R. §§ 100.7(a)(4), 116.3(b). The Committee has provided no evidence that  
16                  RST followed its established procedures and past practice or that the extension of credit  
17                  conformed to the usual and normal practice in the direct mail industry. 11 C.F.R. §§ 100.7(a)(4),  
18                  116.3(b). For example, there is no evidence of collection efforts by this vendor or information  
19                  about its collection policies and practices, advance payment policies, or billing cycles for  
20                  nonpolitical debtors. It also appears that RST may have continued to extend credit to the  
21                  Committee despite not receiving prompt payment of prior extensions of credit. Thus, there is

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<sup>11</sup>                  The first outstanding invoice for this vendor was February 2, 1999.

<sup>12</sup>                  The Committee reported the amounts as debts owed by the Committee on Schedules D-P, (Debts and Obligations).

1 reason to believe that RST's extension of credit to the Committee was not in the ordinary course  
2 of business.

3 Therefore, there is reason to believe that Bauer for President 2000, Inc. and Francis P.  
4 Cannon, as Treasurer, accepted prohibited contributions from RST Marketing Associates, Inc. in  
5 violation of 2 U.S.C. § 441b(a).

6 **3. Moore Response Marketing Services**

7 The Committee also did not pay timely portions of two invoices totaling \$124,089 owed  
8 to another corporate vendor of direct mail services, Moore. The terms noted on both invoices  
9 were "payable on receipt." The first invoice, for \$408,001, was dated November 11, 1999. The  
10 Committee made four timely payments totaling \$293,956, leaving a balance of \$114,045. The  
11 Committee subsequently paid \$30,000 (May 23, 2000) and \$20,000 (July 3, 2000) on this  
12 invoice; however, these payments were made between 194 and 235 days subsequent to the date  
13 of the invoice. At the end of audit fieldwork, the outstanding balance was \$64,045, which was  
14 disclosed as a debt owed. As of the 2003 July Quarterly Report, the Committee still owes Moore  
15 \$37,045. The second invoice from Moore was dated August 4, 1999 in the amount of \$11,713.  
16 The Committee's initial payment of \$1,669 was timely. However, the Committee did not pay the  
17 remaining balance of \$10,044 until February 14, 2000, 194 days after the date of the invoice.

18 Although the auditors found no evidence that the other vendors made any attempt to  
19 collect their debts, on September 7, 2000, Moore submitted an invoice and payment history to the  
20 Committee that reflected a \$64,045 outstanding balance. Other than this statement, however, it  
21 does not appear that the vendor sent subsequent invoices or made additional attempts to collect  
22 the amounts due.

1 Moore's extension of credit appears to be a prohibited corporate contribution to the  
2 Committee. 2 U.S.C. § 441b. The Committee has not provided evidence that Moore's extension  
3 of credit to the Committee was in the ordinary course of business, on terms that were  
4 substantially similar to its extension of credit to nonpolitical debtors of similar risk and size of  
5 obligation. 11 C.F.R. §§ 100.7(a)(4), 116.3(b). The Committee has provided no evidence that  
6 Moore followed its established procedures and past practice or that the extension of credit  
7 conformed to the usual and normal practice in the direct mail industry. 11 C.F.R. §§ 100.7(a)(4),  
8 116.3(b). Other than one follow-up invoice, there is no evidence of collection efforts by Moore  
9 or information about its collection policies and practices, advance payment policies, or billing  
10 cycles for nonpolitical debtors. In addition, the Committee has still not paid Moore in full.  
11 Thus, it appears that Moore's extension of credit to the Committee was not in the ordinary course  
12 of business.

13 Therefore, there is reason to believe that Bauer for President 2000, Inc. and Francis P.  
14 Cannon, as Treasurer, accepted prohibited contributions from Moore Response Marketing  
15 Services in violation of 2 U.S.C. § 441b(a).