

DEC 27 2005

BEFORE THE FEDERAL ELECTION COMMISSION

GENERAL ELECTION
COMMISSION
SECRETARIAT

In the Matter of)

MUR 5633)

CANNON FOR CONGRESS)

2005 DEC 28 A 9:34
CASE CLOSURE UNDER THE
ENFORCEMENT PRIORITY SYSTEM

SENSITIVE

GENERAL COUNSEL'S REPORT

Under the Enforcement Priority System, matters that are low-rated

are forwarded to the Commission with a recommendation for dismissal.¹ The

Commission has determined that pursuing low-rated matters compared to other higher rated matters on the Enforcement docket warrants the exercise of its prosecutorial discretion to dismiss these cases.

The Office of General Counsel scored MUR 5633 as a low-rated matter. The low rating was due, in part, to the fact that the activity alleged in the complaint took place prior to the effective date (i.e., November 6, 2002) of the Bipartisan Campaign Reform Act of 2002. The allegations centered on the alleged failure of a political action committee, Coalition for Lower Internet Information Costs, a 527-entity, to report an \$8,000 contribution from another 527-entity, Western Leadership Fund.² Based on the affidavit supplied by the respondents, the \$8,000 contribution appears to have been made to Coalition for Lower Internet Information Costs, Inc., and not to the political action committee of the same name.

¹

² The IRS Form 990-EZ return for Western Leadership Fund for 2001 listed the officers, directors, trustees or key employees of the organization as Congressman Cannon, Brittany Noble, and David Safavian. Mr. Safavian subsequently became the Director of the Office of Federal Procurement Policy at OMB. He was arrested in September 2005 on charges of obstruction of justice in the federal criminal investigation of Jack Abramoff.

1 The complaint raises two other issues, although it does not specifically allege that
2 they implicate FECA violations. First, the complaint notes the role of Congressman
3 Christopher Cannon and a Utah State Senator in purportedly controlling both 527 entities.
4 Second, the complaint refers to the forgiveness of a debt by Cannon Industries, a company
5 co-owned by Congressman Cannon. An attachment to the complaint reflects that Cannon
6 Industries forgave approximately \$1 million in debt owed by C4 Communications in
7 exchange for a one-half interest in a database maintained by C4 containing the names and
8 addresses of persons and entities with an interest in participating in political activities.

9 The alleged reporting violation would appear to be de minimis in nature, and it has
10 been specifically refuted by the affidavit. The observations concerning Congressman
11 Cannon's control of the 527 entities and the forgiveness of the debt by Cannon Industries do
12 not set forth any additional facts or allegations that would appear to constitute violations of
13 the FECA. Therefore, reviewing the merits of MUR 5633 in furtherance of the
14 Commission's priorities and resources relative to other matters pending on the Enforcement
15 docket, the Office of General Counsel believes that the Commission should exercise its
16 prosecutorial discretion and dismiss the matter. *See Heckler v. Chaney*, 470 U.S. 821 (1985).

17 **RECOMMENDATION**

18 The Office of General Counsel recommends that the Commission dismiss MUR
19 5633, close the file effective two weeks from the date of the Commission vote, and approve
20 the appropriate letters. Closing the case as of this date will allow CELA and General Law
21 and Advice the necessary time to prepare the closing letters and the case file for the public
22 record.

James A. Kahl
Deputy General Counsel

12/27/05
Date

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Attachment:
Narrative in MUR 5633

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5 **MUR 5633**

6
7 **Complainant:** Craig Nelsen

8
9 **Respondents:** Cannon for Congress and
10 Curtis S. Bramble, as Treasurer
11 Christopher B. Cannon
12 Western Leadership Fund
13 Coalition for Lower Internet Information Costs
14

15 **Allegations:** The complainant alleges that the Coalition for Lower Internet Information
16 Costs PAC ("CLIIC"), a 527 group, failed to report an \$8,000 contribution from Western
17 Leadership Fund ("WLF"), also a 527 group. Additionally, the complainant claims that
18 both political action committees are controlled by Congressman Christopher Cannon and
19 state Senator Curtis Bramble, who is the treasurer for both Cannon's principal campaign
20 committee and the CLIIC. The complainant also notes that Congressman Cannon moved
21 the WLF to Utah and installed a new directorate, which included a director from a
22 company that received a loan release of over a million dollars in debt from Cannon
23 Industries (a company owned by Congressman Cannon and his brother).
24

25 **Responses:** The respondents responded by noting that the \$8,000 disbursement that was
26 made by WLF to the CLIIC was not received by the CLIIC PAC, but rather directed and
27 deposited with CLIIC, Inc. CLIIC, Inc., is a separately incorporated section 501(c)(4)
28 organization. Thus, the respondents contend that CLIIC, Inc., has no reporting
29 responsibilities with the Commission and only a limited responsibility to file Forms 990
30 with the Internal Revenue Service.
31

32 **General Counsel's Note:** The facts giving rise to this complaint are alleged to have
33 occurred between February and June 2002, which is prior to the effective date (i.e.,
34 November 6, 2002) of the Bipartisan Campaign Reform Act of 2002.
35

36 **Date complaint filed:** December 27, 2004

37
38 **Response filed:** January 21, 2005

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