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February 8, 2005

Beth Mizuno, Esquire
Office of General Counsel
Federal Election Commission
Washington, D.C. 20463

RE: MUR 5635

Dear Ms. Mizuno:

Thank you for your courtesy in discussing this matter with me at length today. I am writing to emphasize that as to our client, Mail Fund, Inc.(MFI), this matter does not involve a no-risk contract.

Our client simply loaned money to CLPAC for postage and related costs incurred by CLPAC in connection with its direct mail fundraising. CLPAC repaid MFI all money loaned by MFI, it reimbursed MFI for all expenses incurred by MFI in making those loans (delivery charges, and the like), and it paid MFI interest on the amounts loaned.

It is correct, as noted in the Final Audit Report (Report), that at year-end 2000 there remained an unpaid balance owing to MFI from CLPAC in the amount of approximately $64,000; that balance was paid in 2001, however, and as a result MFI was paid everything it was owed, and it was paid by CLPAC.

As to MFI, this MUR presents the question whether MFI may make such loans to a committee to a permit that Committee to raise funds through a direct mail appeal. As we read 11 C.F.R. § 116.3, MFI's loans were lawful, particularly since they were repaid in their entirety.

MUR 3027, as we noted in our January 26 letter to you in this matter, was published in 2002, after the loans at issue in this MUR. The Commission therefore cannot fairly rely on that MUR to outlaw the MFI/CLPAC loans. Likewise, the Advisory Opinions (AOs) the Commission appears to rely on in this MUR all recognize that loans are made to political committees by third parties; the gravamen of those AOs was how such loans should be structured, not whether they could be made at all.

A finding that MFI could not lawfully make the loans at issue will be a departure from what MFI and many others who regularly make such loans understand the law to be. If the Commission intends to outlaw such loans, then it should do so in a public and transparent way, not through this MUR. MFI and many others engaged in the same business should receive fair and public notice that the Commission considers that such loans are now impermissible under the law.

We remain available to answer any other questions you may have on this matter. We are not at this time, however, asking to conciliate this matter. We believe that MFI has acted within the parameters of 11 C.F.R. § 116.3.

Sincerely,

Robert R. Sparks, Jr.

Mr. James E. Flemma