BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of American Target Advertising, Inc.	)	MUR 5635

GENERAL COUNSEL'S BRIEF

I. INTRODUCTION

American Target Advertising ("ATA") served as the general contractor in a direct mail fundraising program for CLPAC during the period July through November 2000.[1] The fundraising effort cost approximately $8 million and raised approximately $4 million, resulting in a loss of approximately $4 million. In connection with that fundraising program, the Commission, on December 14, 2004, found reason to believe that American Target Advertising, Inc. ("ATA") made corporate contributions to the Conservative Leadership Political Action Committee ("CLPAC" or the "Committee") in violation of 2 U.S.C. § 441b(a).[2] The General Counsel is prepared to recommend that the Commission find probable cause to believe that ATA violated 2 U.S.C. § 441b(a) by making prohibited corporate contributions to CLPAC when ATA:

1. wrote off $1,157,832 of debt associated with the fundraising effort;
2. disbursed $465,000 to CLPAC; and
3. paid third-party subcontractors $1,195,042 for goods and services they provided to CLPAC.

[1] All of the facts recounted in this brief occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Federal Election Campaign Act of 1971, as amended (the "Act") herein are to the Act as it read prior to the effective date of BCRA and all citations to the Commission's regulations herein are to the 2000 edition of Title 11, Code of Federal Regulations, which was published prior to the Commission's promulgation of any regulations under BCRA.

[2] This matter was generated as a result of the Commission's audit of CLPAC. This audit, undertaken in accordance with 2 U.S.C. § 438(b), *see* 2 U.S.C. § 437g(a)(2), covered the period January 1, 1999 through December 31, 2000. The Commission approved the Report of the Audit Division on CLPAC on November 18, 2004.

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The General Counsel is also prepared to recommend that the Commission find probable cause to believe that ATA accepted over $2.3 million worth of prohibited contributions on behalf of CLPAC from other corporations (including ATA-related corporations, the Viguerie Company and ConservativeHQ.com, Inc.) in violation of 2 U.S.C. § 441b(a).

Finally, because the Commission has previously found reason to believe that ATA's parent company (the Viguerie Company) and its Chairman (Richard Viguerie) had violated the Act and admonished them in an earlier Matter Under Review ("MUR") involving similar prohibited corporate contributions, *see* MUR 3841, the General Counsel is prepared to recommend that the Commission find probable cause to believe that ATA's violation in this matter was knowing and willful.

II. ANALYSIS

A. Background

ATA is a direct mail marketing agency, incorporated in Virginia, that specializes in fundraising for nonprofit entities. ATA is owned by the Viguerie Company, a corporation that also provides direct mail marketing services. ATA's chairman is Richard Viguerie, who serves as the moderator and commentator on the Internet website, ConservativeHQ.com, Inc., one of the subvendors to CLPAC.

CLPAC is a small multicandidate political committee that registered with the Commission in 1972. Its financial activity could be characterized as low to moderate. For example, total expenditures for the period 1993 through 1999 were $280,625 and total reported receipts were $292,564 -- an average of approximately $40,000 in receipts and expenditures per year. Expenditures ranged from $4,818 in 1993 to $128,239 in 1998.

As of June 30, 2000, CLPAC reported $464 cash on hand. Six days later, on July 6, 2000, it entered into a contract with ATA (the "Contract") that resulted in a direct mail, telemarketing and Internet fundraising program to occur in the four months before the 2000 election and cost $8 million. Richard Viguerie signed the Contract for ATA. Despite the fact that the fundraising failed to bring in enough money to pay the costs of solicitations and resulted in a $4 million loss, ATA disbursed $465,000 to CLPAC. CLPAC used these funds to pay for approximately $350,000 worth of advertising opposing New York Senate candidate Hillary Clinton and Presidential candidate Albert Gore, Jr.

The Contract, which was styled a "no-risk" contract, provided that ATA would incur all third-party invoices in its name and that CLPAC would be responsible for the costs of the fundraising only up to the amount of money raised. In other words, CLPAC was not responsible for paying any shortfall if the fundraising failed to raise enough money to cover its expenses.

The Contract provided for two kinds of direct mail: housefile solicitations and prospect file solicitations. A housefile consists of names of individuals who have contributed in the past and are thought to be likely to contribute to similar or related causes or entities. A housefile is, therefore, considered valuable. A prospect file consists of names of individuals who have not given in the past, but who are deemed likely to make contributions if approached. Because prospect files are more speculative and cast a wider net, prospect mailings usually involve a larger volume of mail, are more expensive, and result in fewer contributions per solicitation than housefile mailings. When an individual contacted as part of a prospect file mailing makes a contribution, his or her name is added to the housefile.

The Contract provided that income from housefile mailings would go first to pay for housefile mailing costs, and thereafter, 70% of net income from housefile mailings would be disbursed to CLPAC and 30% of net income would be disbursed to ATA. The Contract provided that income from each prospect mailing would be disbursed to pay the costs of that prospect mailing first, then losses from prior prospect mailings, and then held to pay for future prospect mailings. When net income from prospect mailings exceeded $1 million, the excess would be distributed to CLPAC.

The first few mailings, which consisted of prospect mailings, were relatively modest in size and resulted in mixed gains and losses.[3] On August 21, 2000, ATA cast a substantial net in a prospect mailing of 2.7 million pieces, at a total cost of over $1.4 million. This mailing resulted in a net loss of approximately $657,000. Four days after that mailing, on August 25, 2000, ATA disbursed $20,000 to CLPAC. On September 8, 2000, ATA disbursed an additional $10,000 to CLPAC. Positive returns on housefile mailings could not have served as the basis for the disbursements as ATA made no housefile mailings until after these disbursements to CLPAC.

On September 20, 2000, ATA and CLPAC amended the Contract to provide for disbursements to CLPAC from prospect mailing income before the prospect file netted $1 million. Again, Richard Viguerie signed for ATA. When the Contract was amended, prospect mailings were running a loss of over $1 million and housefile mailings a profit of only $35,000. Nevertheless, the parties amended the Contract to eliminate the $1 million net income requirement and, in the end, ATA disbursed a total of $465,000 to CLPAC.

ATA subcontracted much of the work and expense of the CLPAC fundraising program. A number of the subcontractors ATA engaged were entities that were closely-connected to it. For example, ATA rented mailing lists from its parent, the Viguerie Company, and hired

3 The mailings, their dates, the descriptive titles assigned to the mailings by ATA, and net results are set forth in the chart at Attachment A. The chart summarizes ATA management reports: American Target Advertising, Inc., Prospect Management Report, and American Target Advertising, Inc., House Management Report.

ConservativeHQ.com, Inc. (whose website is moderated by Richard Viguerie, ATA's chairman) to provide Internet fundraising services. ATA employees Edward Adams and Benjamin Hart paid some of the third-party subcontractors and lent money to other subcontractors to pay for postage for the CLPAC direct mail program.

The fundraising program involved thirty-nine mailings. According to the titles ATA gave them, fifteen of the mailings (a total of over 6 million pieces of mail) opposed the candidacy of Albert Gore, Jr. and thirteen of them (almost 4.8 million pieces of mail) opposed Hillary Rodham Clinton.[4] Two of the anti-Clinton mailings specifically targeted New York voters and five of them went to New York and non-New York voters.[5] The solicitations stated that the contributions would fund independent expenditures to "Get-Out-the-Anti-Gore-Vote" and "Stop Hillary Now, Before She Wins the White House."

In the end, the returns were insufficient to pay the bills. ATA wrote off $1,157,832 of the amount CLPAC owed it and paid third-party subcontractors a total of $1,195,024 for goods and services they provided for CLPAC's fundraising program. ATA Chief Financial Officer, Edward Adams, also paid third-party subcontractors bills totaling $25,727. In addition, ATA negotiated with third-party subcontractors to compromise their claims for payment, accept partial payment and forgive debt. Specifically, the Viguerie Company wrote off CLPAC bills totaling $500,652 and paid other third-party subcontractors $418,147; ConservativeHQ.com, Inc. wrote off CLPAC bills in the amount of $77,425; SMS Direct Printing, Inc. wrote off $17,000 of debt associated with the CLPAC fundraising; and American Business Information Systems, Inc. and American Automated Mailing, Inc. wrote off, as uncollectible, CLPAC bills of $8,770 and

[4] The titles for the remaining eleven mailings do not reveal whether they included references to any specific candidate.

[5] There is insufficient information to establish what proportion of the six remaining mailings went to New York voters.

$7,674, respectively. Finally, Mail Fund, Inc. paid its subcontractors $68,254, respectively, for work they did for CLPAC. In sum, ATA provided CLPAC with access to individuals and corporations that were willing to loan money and direct mail companies willing to work in advance of payment. As a result, CLPAC was able to spend $8 million on a direct mail program that included the distribution of millions of pieces of election-related literature in the four months prior to the 2000 election.

B. ATA Made Prohibited Corporate Contributions to CLPAC

The Act prohibits corporations from making contributions to political committees, 2 U.S.C. § 441b(a), and defines a contribution as any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money or any services or anything of value." 2 U.S.C. § 441b(b)(2).

1. ATA Was Not Paid in Full for Goods and Services It Provided to CLPAC and ATA Wrote Off the Resulting Debt.

ATA's own accounting records show that it provided CLPAC with goods and services worth $1,157,832 in advance of payment and for which it was not paid. ATA simply credited CLPAC's account and wrote off the debt. In doing so, ATA made a prohibited corporate contribution.

Commission regulations provide that a commercial vendor's extension of credit will not be considered a contribution so long as it is made in the ordinary course of business and on the same terms as those provided to non-political clients of similar risk and with an obligation of similar size. 11 C.F.R. §§ 100.7(a)(4) and 116.3(b). In determining whether an extension of credit was in the ordinary course of business, the Commission considers whether the vendor followed established procedures and past practices in making the extension of credit, whether the

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vendor received prompt payment in full for previous extensions of credit, and whether the extension of credit conformed to the usual and normal practice in the industry. 11 C.F.R. § 116.3(c).

The regulations further provide that a commercial vendor may forgive, or settle such extension of credit for less than the full amount owed, if it has treated the debt in a commercially reasonable manner and complied with the regulatory requirements for forgiving debt. 11 C.F.R. § 116.4(b). A vendor can demonstrate that it has treated the debt in a commercially reasonable manner by showing, *inter alia*, that: (1) the original extension of credit was proper; (2) the committee has engaged in additional fundraising to satisfy the debt, reduced overhead and administrative costs, or liquidated assets; and (3) that the vendor has pursued its remedies as vigorously as it would pursue its remedies against a similarly-situated non-political debtor, *i.e.*, that it has made oral and written requests for payment, withheld delivery of goods or services until overdue debts are satisfied, imposed additional charges for late payment, referred the debt to a collection service, or litigated for payment on the debt. 11 C.F.R. § 116.4(d). A creditor may ask for approval of a plan to forgive or settle a debt from the Commission where the debt has been outstanding for twenty-four months and the committee does not have sufficient cash to pay the vendor, has receipts and disbursements of less than $1,000 during the previous twenty-four months, and has debts to other creditors of such magnitude that the vendor reasonably concludes that the committee will not pay the debt owed to the vendor. 11 C.F.R. § 116.8. If a vendor extends credit and fails to make a commercially reasonable attempt to obtain repayment, a contribution will result. 11 C.F.R. §§ 100.7(a)(4) and 116.4(b)(2).

ATA did not extend credit to CLPAC in the ordinary course of business. ATA's extension of credit totaled over $1 million, and it arranged for other entities and individuals to provide more than $6 million in goods and services in advance of payment -- all for a fundraising program scheduled to run for four months. Such large extensions of credit for short-term contracts is not the usual and normal practice in the direct mail industry and did not comport with ATA's established procedures and past practices. While a longstanding relationship and a history of transactions between a vendor and a committee may justify the provision of goods and services in advance of payment, ATA and CLPAC had no longstanding relationship. This was the first time ATA had contracted with CLPAC. Thus, ATA had not received prompt payment in full from CLPAC for previous extensions of credit. In fact, when the CLPAC fundraising program began to lose money and ATA could not be paid promptly and in full, ATA continued to extend credit.

Even if the Contract between ATA and CLPAC comported with industry norms, the parties did not abide by the Contract. The Contract provided that no disbursements would be made out of prospect mailing funds until prospect mailings returned a net profit of $1 million. Nonetheless, ATA disbursed $20,000 and then another $10,000 to CLPAC out of prospect mailing proceeds even though prospect mailings never reached the $1 million net profit level.

When CLPAC did not pay off the extension of credit, ATA failed to make commercially reasonable efforts to obtain repayment. *See* 11 C.F.R. § 100.7(a)(4). In fact, rather than demanding payment (either orally or in writing) or withholding goods or services, ATA extended additional credit to CLPAC despite the fact that the fundraising program lost large sums of money. ATA also disbursed $465,000 to the Committee that could have been applied to these losses. ATA did not impose additional fees for late payment, did not refer the debt to a collection service, and did not initiate litigation to collect the debt. *See* 11 C.F.R. § 116.4(d).

ATA forgave the $1,157,832 debt within 24 months. During that 24-month period, CLPAC had more than $1,000 in receipts and disbursements. Thus, the debt was not eligible for forgiveness and ATA did not submit a debt settlement plan to the Commission for review and approval. 11 C.F.R. § 116.8(a). Because the debt was not incurred in the ordinary course of business, was not treated by ATA in a commercially reasonable fashion, and did not qualify for forgiveness under the applicable regulation, the transaction resulted in ATA making a prohibited contribution to CLPAC.

ATA's asserted reliance on Advisory Opinion ("AO") 1979-36 to argue it did not violate the Act is misplaced and ignores subsequent AOs that specifically address the key facts in this matter: the fundraising program resulted in a loss, and CLPAC never repaid ATA's extension of credit.

AO 1979-36 addressed a proposed contract between a committee and a direct mail vendor that would allow the committee to retain 25% of fundraising proceeds while paying the costs of the fundraising program from the remaining 75% of proceeds. The contract would also provide for an initial test period and for termination of the contract upon a poor initial showing. The Commission concluded that the contract would not result in a contribution so long as the arrangement was a normal industry practice and involved an extension of credit that was extended in the ordinary course by the vendor to similarly situated non-political clients. *Id.* The Commission did not opine in AO 1979-36 as to the result should the committee fail to pay-off the extension of credit. That circumstance was addressed in subsequent AOs in which the Commission has been "more explicit as to the need, in fundraising situations, for the committee to pay for all of the costs of the program." AO 1991-18. *See also*, AOs 1995-34, 1990-14, 1990-1, and 1989-21. Specifically, in AO 1989-21, the Commission noted that advances by a fundraiser to a committee are "contributions to the extent that [they] remain unpaid." In AOs 1995-34, 1991-18, 1990-14 and 1990-1, the Commission required the addition of safeguards where fundraising costs were to be paid out of fundraising proceeds. These safeguards took the form of: deposits made in advance by the committee to reimburse the vendors for potential shortfalls (AOs 1995-34, 1990-14, and 1990-1); short-term programs or early termination of the contract triggered by poor performance (AOs 1995-34, 1991-18, 1990-14, and 1990-1); and recourse to the committee (AO 1995-34 and 1991-18).

Unlike the particular extension of credit described in AO 1979-36, the Contract between ATA and CLPAC did not contain a provision for an initial test period or for termination upon a poor showing. It contained one safeguard only: the provision that no disbursements would be made to CLPAC from prospect file income until prospect mailings netted $1 million. Despite this provision, as noted above, ATA disbursed funds to CLPAC even though prospect mailings had not netted $1 million.

Facts more analogous to the situation in the instant matter were addressed in AO 1991-18. AO 1991-18 involved a contract for telemarketing programs, including a "Prospecting Program," where, like the arrangement between ATA and CLPAC, the costs of the fundraising program were to be paid out of fundraising proceeds. Like ATA, the vendor had no recourse to the committee for the payment of any shortfall. The Commission, in explaining why it disapproved of the program, stated its concern "that regardless of the degree of success of the effort to raise funds, the committee would retain contribution proceeds while giving up little, or the committee would assume little or no risk with the vendor bearing all, or nearly all, the risk." *Id.* In this case, the "no risk" Contract resulted in ATA's contribution to CLPAC of a total of $2,817,874.

2. ATA Made a Contribution When It Disbursed $465,000 to CLPAC

ATA's disbursement of $465,000 to CLPAC constituted an additional corporate contribution. This payment clearly falls within the Act's definition of "contribution." 2 U.S.C. § 441b(b)(2). The $465,000 did not consist of fundraising proceeds because there were no net proceeds, only losses. The fundraising program cost $8 million; it returned only about $4 million and ATA absorbed a substantial portion of the resulting loss. The money for the $465,000 distribution thus came from ATA itself. *See* 2 U.S.C. § 441b(a). Under the Act, corporate contributions, such as these distributions, are prohibited. 2 U.S.C. § 441b.

3. ATA's Payments to Third-Party Vendors on CLPAC's Behalf Constituted Additional Contributions to CLPAC.

ATA paid eleven vendors a total of $1,195,024 for goods and services the vendors provided in support of the CLPAC direct mail fundraising campaign. The vendors and the amounts ATA paid them on behalf of CLPAC are listed in Attachment B. By making these payments, ATA made a prohibited corporate contribution to the Committee. 2 U.S.C. § 441b(a), 11 C.F.R. § 100.7(a)(1)(iii)(A).

C. ATA Accepted Contributions on CLPAC's Behalf from Other Corporations

The Act prohibits any person from knowingly accepting or receiving any corporate contribution on behalf of a political committee. 2 U.S.C. § 441b.

On behalf of CLPAC, ATA contracted with third-party subcontractors for loans and direct mail services. ATA was not a mere vendor to CLPAC. It described itself as CLPAC's agent[6] and engaged in transactions "on behalf of Conservative Leadership PAC.[7] The Contract

[6] Joint Settlement Agreement, at p. 1, attached to letter from M. Fitzgibbons, ATA, to J. Stoltz, Assistant Staff Director, FEC, dated March 29, 2004.

[7] ATA Promissory Note, dated May 30, 2001, attached to letter from M. Fitzgibbons to J. Stoltz, dated March 31, 2004.

gave ATA free rein to determine the content, cost, size, and timing of the mailings. ATA hired the subcontractors who did much of the actual work, and Edward Adams, ATA's Chief Financial Officer, approved the subcontractors' invoices for payment. ATA decided how proceeds would be distributed, permitting ATA to decide which contractors were paid and which ones were not. When these corporate vendors made short-term loans of money to pay for postage and other direct mail services, when they forgave CLPAC debt, and when they paid off other vendors, they made prohibited corporate contributions to CLPAC; and therefore when ATA accepted the loans, the forgiveness of debt, and the payments to other vendors, ATA accepted prohibited corporate contributions on CLPAC's behalf in violation of 2 U.S.C. § 441b(a).

ATA accepted a total of $2,473,517 from six corporations on behalf of CLPAC. Specifically, five corporations forgave CLPAC debt and/or paid CLPAC bills: the Viguerie Company, ATA's parent, forgave $500,652 in CLPAC debt and paid CLPAC bills totaling $418,147; ConservativeHQ.com, Inc. forgave CLPAC debt of $77,425; SMS Direct Printing, Inc. forgave CLPAC debt of $17,000; and American Business Information Systems, Inc. and American Automated Mailing, Inc. forgave CLPAC debt of $8,770 and $7,674, respectively. In addition, Mail Fund, Inc. loaned a total of $1,443,849 to other vendors to pay for postage and direct mail services in advance of mailings. Mail Fund, Inc. did not provide goods and services; it simply lent money.

When a corporation loans money to another corporation to pay for goods and services provided to a committee, that loan constitutes a contribution. 2 U.S.C. § 441b(b)(2). The Commission has addressed arrangements comparable to the loans from Mail Fund, Inc. in two prior enforcement matters, one of which involved ATA's parent, the Viguerie Company. The first, MUR 3027, stemmed from an arrangement between the Viguerie Company and Direct

Marketing Finance and Escrow, Inc. ("DMFE"), and led the Commission to issue an admonishment letter to DFME. The second matter, also involving DMFE, MUR 5173, led the Commission to find probable cause to believe that DFME had knowingly and willfully violated the Act.

In MUR 3027, the Viguerie Company engaged DMFE to provide loans for postage to benefit one of the Viguerie Company's clients, the Public Affairs Political Action Committee. Like Mail Fund, Inc., DMFE functioned as a third-party vendor, while the Viguerie Company, like ATA in the instant matter, served as the federal committee's primary vendor or general contractor. The Commission found reason to believe that DMFE violated 2 U.S.C. § 441b by making corporate contributions when it made the postage loans. Even if this arrangement is common in contracts for direct mail marketing, the agreement between the Viguerie Company and DMFE violated the prohibition against corporate contributions because the beneficiary was a federal political committee. General Counsel's Brief, MUR 3027 (Direct Marketing Finance & Escrow, Inc.). Ultimately, the Commission issued DMFE an admonishment letter warning that "arrangements in which third-party, non-banking lenders finance the activities of federal political committees appear to violate 2 U.S.C. § 441b(a)." In MUR 5173, DMFE again provided short-term loans on behalf of a federal political committee (Republicans for Choice Political Action Committee) to pay vendors who supplied postage, donor lists and other fundraising services. The Commission found probable cause to believe DMFE and its president knowingly and willfully violated 2 U.S.C. § 441b(a) by making prohibited corporate contributions in the form of short-term loans to other vendors. Like DMFE, Mail Fund, Inc. made loans to other vendors to finance work they did for a political committee. Like DMFE's loans, Mail Fund, Inc.'s loans constituted a contribution to CLPAC and there is probable cause to believe that in accepting the loans on CLPAC's behalf, ATA violated 2 U.S.C. § 441b(a).

D. ATA's Violation Was Knowing and Willful

The Commission previously admonished ATA's principals for engaging in conduct similar to the conduct here, both in making corporate contributions and accepting them. Based on their involvement in the previous matter, the General Counsel is prepared to recommend that the Commission find probable cause to believe that ATA knowingly and willfully violated the Act by making corporate contributions to CLPAC and accepting corporate contributions from others on CLPAC's behalf.

In MUR 3841, the Commission found reason to believe that ATA's parent company, the Viguerie Company, violated 2 U.S.C. § 441b(a) by making corporate contributions to United Conservatives of America, a federal political committee, the Chairman of which was Richard Viguerie. The Viguerie Company provided the committee with office space, telephone services and direct mail services. Initially, the committee did not pay for these services. Later, it made some payments, but never paid in full what it owed. The Viguerie Company made no demand for payment, but rather continued to extend credit to the committee, for up to two years. The Commission found that the extension of credit was not in the ordinary course of business and not commercially reasonable. In the end, the Commission sent two admonishment letters. The letter to counsel for Viguerie and Associates' General Counsel, Mark Fitzgibbons, warned: "The Commission reminds you that your clients' actions of making corporate contributions appear to be violations of [the Act]. You should take steps to ensure this activity does not occur in the future." Letter from Peter Blumberg to Mark Fitzgibbons, General Counsel, Viguerie and

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Associates, dated April 2, 1997.[8] The letter to Richard Viguerie as Chairman of United Conservatives of America warned: "The Commission reminds you that your actions of accepting corporate contributions appear to be violations of [the Act]." Letter from Peter Blumberg to Richard Viguerie, dated April 2, 1997. This letter, too, instructs Richard Viguerie to take steps to ensure the violation does not recur.

The phrase knowing and willful indicates that "actions [were] taken with full knowledge of all of the facts and a recognition that the action is prohibited by law." H.R. Rpt. 94-917 at 4 (Mar. 17, 1976) (*reprinted in* Legislative History of Federal Election Campaign Act Amendments of 1976 at 803-4 (Aug. 1977)); see also *National Right to Work Comm. v. FEC*, 716 F.2d 1401, 1403 (D.C. Cir. 1983) (citing *AFL-CIO v. FEC*, 628 F.2d 97, 98, 101 (D.C. Cir. 1980) for the proposition that knowing and willful means "'defiance' or 'knowing, conscious, and deliberate flaunting' [sic] of the Act"). *United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990).

The facts in the current matter, when viewed in light of the Viguerie Company's and Richard Viguerie's involvement in a previous MUR, particularly their receipt of admonishment letters, point to a knowing and willful violation of the Act. ATA, one of the most successful direct mail marketers, entered into a relationship with a small political committee that had less than $500 in the bank. During the four months prior to the 2000 general election, ATA directed a fundraising campaign for CLPAC that cost $8 million and lost $4 million. Politically, though, it was a success. CLPAC succeeded in reaching millions of voters with literature in the weeks before the general election advocating the defeat of candidate Albert Gore. CLPAC also targeted

[8] Mark Fitzgibbons, ATA's current President for Corporate and Legal Affairs, served as the Viguerie Company's General Counsel and represented the Viguerie Company in its dealings with the Commission in MUR 3841.

a large number of New York voters with material advocating the defeat of candidate Hillary Clinton.

Thus, ATA knowingly and willfully made prohibited corporate contributions to CLPAC when it provided the Committee with goods and services for which the Committee did not pay, when it disbursed funds to CLPAC, when it paid third-party vendors on CLPAC's behalf, and when it accepted prohibited corporate contributions on CLPAC's behalf.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that American Target Advertising, Inc., violated 2 U.S.C. § 441b(a) by making prohibited corporate contributions to Conservative Leadership Political Action Committee.

2. Find probable cause to believe that American Target Advertising, Inc., violated 2 U.S.C. § 441b(a) by accepting prohibited corporate contributions for Conservative Leadership Political Action Committee.

3. Find probable cause to believe that American Target Advertising, Inc., knowingly and willfully violated 2 U.S.C. § 441b(a) by making prohibited corporate contributions to Conservative Leadership Political Action Committee.

4. Find probable cause to believe that American Target Advertising, Inc., knowingly and willfully violated 2 U.S.C. § 441b(a) by accepting prohibited corporate contributions for Conservative Leadership Political Action Committee.

4/28/05
Date

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Attachments
A. Summary Chart of American Target Advertising, Inc. Mailings
B. American Target Advertising, Inc.'s Payments to Vendors on CLPAC's Behalf

American Target Advertising, Inc.

Year 2000	Job Description	Prospect	House	Quantity	Total Cost	Total Income	Net Income
7/28/00	"Stop Hillary Now!" 10 Closed Face, Personalize	P		13,478	$ 25,206.61	$ 79,938.00	$ 54,731.39
7/28/00	"Stop Hillary Now!" 10 Window Format	P		16,329	$ 13,946.16	$ 8,733.00	$ (5,213.16)
8/1/00	"Stop Hillary Now!" #10 Window Version	P		358,369	$ 193,928.46	$ 172,866 48	$ (21,061.98)
8/4/00	"Stop Hillary Now!" #10 Window Version with Cong.	P		26,036	$ 15,943.43	$ 15,085 00	$ (858.43)
8/17/00	"Stop Hillary!" #9 SLW First Class Format	P		88,359	$ 74,884 45	$ 197,551 66	$ 122,667.21
8/21/00	"Stop Hillary!" #10 SLW Format	P		2,728,573	$ 1,460,318.50	$ 803,338.24	$ (656,980.26)
8/28/00	"Stop Hillary Now!" #10 Package to NY Registered	P		193,187	$ 76,073.54	$ 50,480.00	$ (25,593.54)
9/5/00	"Defeat Gore!" #10 SLW Carrier	P		2,729,480	$ 1,443,872.30	$ 914,747.46	$ (529,124.84)
9/9/00	"Defeat Gore!" #10 SLW Package - First Class Test C	P		51,280	$ 30,330.23	$ 24,035.50	$ (6,294.73)
9/11/00	Thank you Package - "Stop Hillary" #10 SLW Format		H	19,413	$ 826.14	$ 30,837 50	$ 30,011.36
9/18/00	9 x 12 CLPAC HP		H	12,604	$ 38,681.13	$ 50,948.98	$ 12,267.85
9/22/00	"Defeat Gore!" High & Prospect #10 window - PERS	P		110,208	$ 68,250.75	$ 74,794.00	$ 6,543.35
9/29/00	$1 Bill Polybag		H	10,263	$ 24,279.19	$ 112,709.11	$ 88,429.92
10/2/00	$2.50 check, Pistol Grip Carrier		H	20,458	$ 14,571.77	$ 20,633.44	$ 6,061.67
10/3/00	"Stop Hillary!" 9x12 Window Format	P		479,108	$ 339,213.87	$ 168,735.03	$ (170,478.84)
10/4/00	1 Bill Polybag, Shadow File	P		13,216	$ 24,381.09	$ 81,952.00	$ 57,570.91
10/4/00	"Stop Gore!" #10 Window	P		1,968,745	$ 1,027,131.40	$ 258,257.97	$ (768,873.43)
10/5/00	"Defeat Gore!" 9x12 Window Format	P		1,008,474	$ 559,927.31	$ 196,703.91	$ (363,223 40)
10/5/00	New York Hillary	P		752,204	$ 373,505.46	$ 53,286.18	$ (320,219.28)
10/6/00	Secretary of State, Hillary; 1st Class	P		99,889	$ 71,939.21	$ 18,588.00	$ (53,351.21)
10/10/00	E-mail	P		0	$ 55.97	$ 9,548.18	$ 9,492.21
10/12/00	$2.50 Check Remail	P		99,889	$ 80,552.74	$ 7,921.75	$ (72,630.99)
10/12/00	Gore 1st Class Secretary of State	P		99,888	$ 59,497.28	$ 9,038.00	$ (50,459.28)
10/13/00	Gore Western Union Prospect	P		27,020	$ 31,471.95	$ 4,883.00	$ (26,588.95)
10/13/00	Gore Western Union Housefile		H	44,275	$ 43,282.04	$ 39,144.10	$ (4,137.94)
10/20/00	True Certified, Shadow File	P		14,098	$ 36,166.69	$ 39,255.00	$ 3,088.31
10/20/00	True Certified, High Dollar		H	8,802	$ 20,943.13	$ 54,957.90	$ 34,014.77
10/20/00	Non Certified, Low Dollar		H	28,074	$ 17,713.53	$ 13,240.93	$ (4,472.60)

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American Target Advertising, Inc.

Year 2000	Job Description	Prospect	House	Quantity	Total Cost	Total Income	Net Income
10/24/00	Gore Gram, 8 1/2 x 14, Shadow File	P		13,749	$ 9,751.09	$ 4,900 00	$ (4,851.09)
10/24/00	Gore Gram, 8 1/2 x 14		H	49,215	$ 25,354.54	$ 30,095.81	$ 4,741.27
10/25/00	Gore Polybag, shadow File	P		13,759	$ 29,139.34	$ 3,435 00	$ (25,704.34)
10/25/00	Gore Polybag		H	50,780	$ 103,144.35	$ 60,503 10	$ (42,641.25)
10/27/00	Western Union Priority Letter - Gore Prospect	P		5,770	$ 9,116 89	$ 25.00	$ (9,091.89)
10/27/00	Western Union Priority Letter - Gore H/F		H	5,273	$ 7,279.35	$ 3,950.00	$ (3,329.35)
10/28/00	$1 Bill to #10		H	49,056	$ 81,715.28	$ 116,272.15	$ 34,556.87
10/31/00	Western Union Priority Letter - Hillary Prospect	P		5,770	$ 10,328.30	$0 00	$ (10,328.30)
10/31/00	8 1/2 x 14, Gore Gram Canary		H	45,215	$ 23,162.48	$ 10,339.00	$ (12,823 48)
10/31/00	Western Union Priority Letter - Hillary H/F		H	1,766	$ 3,164.33	$ 2,975.00	$ (189.33)
11/14/00	Debt Reduction H/F		H	64,350	$ 42,595.80	$ 18,410.90	$ (24,184.90)
	GRAND TOTAL			**11,326,422**	**$ 6,511,646.08**	**$ 3,763,116.28**	**$ (2,748,529.80)**

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Attachment B

American Target Advertising, Inc.'s Payments to Vendors on CLPAC's Behalf

Fisher Group, Inc.	$370,817
Mail America Communications, Inc.	$150,000
REO Packaging Co. (an Illinois corporation)	$146,303
RST Marketing Associates, Inc.	$126,612
Premier Printing (a Virginia corporation)	$117,838
United Envelope Corporation	$117,243
Mail Fund, Inc.	$77,001
Pro Tech (a Virginia corporation)	$51,217
American Automated Mailing, Inc.	$17,905
SMS Direct Printing, Inc.	$17,000
Chester Mailing List Consultants, Inc.	$3,088
Total	**$1,195,024**