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FEDERAL ELECTION COMMISSION
Washington, DC 20463

CELA

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Anthony Herman
General Counsel

Daniel A. Petalas
Associate General Counsel for Enforcement

BY: Susan L. Lebeaux *SLZ*
Assistant General Counsel

Elena Paoli *ep*
Attorney

SUBJECT: MUR 6143 (William Danielczyk and Galen Capital Group)
Pre-Probable Cause Conciliation Agreement

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SECRETARIAT

Attached is a conciliation agreement signed by Respondent William Danielczyk on behalf of himself and Galen Capital Group ("Galen"). Attach. 1. This agreement, which we recommend the Commission accept, would settle knowing and willful violations of 2 U.S.C. §§ 441f and 441b(a).

Background

on December 2, 2008, the Commission made reason to believe findings as to Danielczyk, Galen, corporate treasurer Eugene Biagi, and other officers and directors, and authorized an investigation.

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14 Danielczyk and Biagi were indicted on February 16, 2011. After several delays
15 and an interlocutory appeal, the trial was set to begin February 26, 2013.¹ That morning,
16 both defendants entered guilty pleas. On May 31, 2013, the court sentenced Danielczyk
17 to 28 months in prison and a \$50,000 fine.
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¹ Prior to the plea, the United States took an interlocutory appeal, on whether Section 441b prohibits corporate contributions, in light of *Citizens United*. The Fourth Circuit then reversed the district court judge's dismissal of the 441b count in the indictment. See *United States v. Danielczyk*, 788 F. Supp. 2d 472 (E.D. Va. 2011), *rev'd*, 683 F.3d 611 (4th Cir. 2012), *cert denied*, 133 S. Ct. 1459 (2013). Danielczyk's pending trial was stayed until after the circuit court ruling.

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Other Respondents

A. Officers, Directors and Others

The Commission also found reason to believe that Galen treasurer Eugene Biagi knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, that Mark Beesley, Gino Isaac, Philip Layton, Stephen D. Moses, Bruce Riddle, April Spittle, and Eric Wagner violated 2 U.S.C. §§ 441b(a) and 441f, and Zahir Ahmad knowingly and willfully violated 2 U.S.C. § 441f. At the time, we had information that these respondents were officers or directors of Galen, and appeared to have active roles in the reimbursement scheme in addition to being conduits for the contributions.

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Accordingly, we recommend that the Commission take no further action as to any of the so-called officer and director respondents and close the file as to them.

RECOMMENDATIONS

1. Accept the attached conciliation agreement with William P. Danielczyk and Galen Capital Group.
2. Take no further action as to Zahir Ahmad, Eugene Biagi, Mark Beesley, Gino Isaac, Philip Layton, Stephen D. Moses, Bruce Riddle, April Spittle, and Eric Wagner.

⁵ See, e.g., MUR 6623 (Scalise) (dismissing allegations as to subordinate employees and spouses); MUR 6465 (Fiesta Bowl) (taking no action as to low-level employees where it appeared their participation was at the direction of officers); MUR 5871 (Noe) (making no findings as to conduits who were subordinates/employees or family member).

- 1 4. Approve the appropriate letters.
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- 3 5. Close the file as to all respondents.
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