



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Aaron S. Book, Esq.
Steven Webster, Esq.
300 North Washington Street
Suite 404
Alexandria, Virginia 22314

JUL 15 2013

RE: MUR 6143
William P. Danielczyk
Galen Capital Group

Dear Messrs Book and Webster:

On July 1, 2013, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). Accordingly, the file has been closed in this matter. Please be advised that the civil penalty in this agreement reflects unusual factors brought forth during the investigation.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 694-1548.

Sincerely,

Elena Paoli
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION JUL 12 AM 11:44

In the Matter of)

Galen Capital Group)

and William P. Danielezyk)

MUR 6143

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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Galen Capital Group and William P. Danielczyk ("Respondents") knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f and also violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Galen Capital Group ("Galen") was a limited liability corporation headquartered in McLean, Virginia.

2. William P. Danielczyk was the founder, chairman, and chief executive officer of Galen.

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3. Friends of Hillary was Hillary Clinton's 2006 Senate campaign committee. Hillary Clinton for President was Clinton's 2008 Presidential campaign committee. These committees are political committees within the meaning of 2 U.S.C. § 431(4).

Applicable Law

4. The Federal Election Campaign Act ("the Act") prohibits corporations from making contributions from their general treasury funds in connection with the election of any candidate for federal office. 2 U.S.C. § 441b(a). The Act also prohibits any person from making a contribution in the name of another and from knowingly permitting his or her name to be used to effect such a contribution. 2 U.S.C. § 441f.

5. Commission regulations provide that examples of making a contribution in the name of another include:

- (i) giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, or
- (ii) making a contribution of money or anything of value and attributing as the source of the money or thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b)(2)(i)-(ii).

6. Section 441b(a) of the Act also prohibits any officer or director of any corporation from consenting to any contribution by the corporation.

7. A knowing and willful violation of the Act requires full knowledge of all the relevant facts and a recognition that the action is prohibited by law.

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Corporate Reimbursements

8. Respondents held a fundraiser for then-Senator Hillary Clinton on September 18, 2006, at the Ritz-Carlton Hotel in Tyson's Corner, Virginia ("2006 Senate Fundraiser"). Respondents also held a fundraiser for then-Presidential candidate Clinton on March 27, 2007, at Clinton's house in Washington, D.C. ("2007 Presidential Fundraiser").

9. In connection with these fundraisers, Danielczyk directly and indirectly recruited individuals, primarily Galen employees and family members, to make contributions to Clinton's committees and assured contributors that they would be reimbursed for their contributions.

10. Danielczyk and at his direction, other Galen employees, reimbursed federal campaign contributions using Galen's corporate treasury funds. Also at Danielczyk's direction, a Galen employee, in some instances, collected certain contributions from the contributors to be transmitted to the committees.

11. Danielczyk caused a Galen employee to disguise the contribution reimbursements by falsely identifying the purpose of the reimbursement checks — stating, for example, "corporate un-reimbursed expense" and "August expenses" — and by varying the reimbursement amounts from the actual contribution amount.

12. Galen reimbursed 11 people, including six Galen officers and employees, for contributions to the 2006 Senate Fundraiser totaling \$42,400. Because the reimbursement amounts did not exactly match the contribution amounts, the corporation actually paid out \$44,129.52 in reimbursements for these contributions. Danielczyk collected and forwarded approximately \$40,000 of these contributions to the committee.

13. Galen reimbursed 34 individuals, including eight Galen officers and employees and six of their family members, for contributions to the 2007 Presidential Fundraiser totaling

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\$156,300. As with the 2006 Senate Fundraiser, because the reimbursement amounts did not exactly match the contribution amounts, Galen actually paid out \$154,551.19. The event raised approximately \$192,000 in contributions, and Danielczyk collected and forwarded between \$130,000 and \$140,000 of these contributions to the committee.

Knowledge of Illegality

14. Prior to the fundraisers, Clinton Senate committee staff advised Danielczyk that reimbursing contributions and corporate contributions were prohibited.

15. Danielczyk's purpose in reimbursing political contributions with Galen funds was to exceed the limits and prohibitions on contributions to the Clinton campaigns and to conceal the amount and source of those contributions from the Clinton campaigns and the Commission.

16. In furtherance of that purpose, in September 2007, Danielczyk and other Galen employees he directed created and distributed two back-dated letters to the reimbursed contributors that falsely described the reimbursement checks they had received as compensation for work performed, and created and distributed additional \$1,500 checks with memorandum lines that falsely described them as payments for work performed.

17. On February 26, 2013, Danielczyk entered a Plea Agreement in U.S. District Court, pleading guilty to 2 U.S.C. § 441f and admitting that he made illegal conduit campaign contributions.

V. Respondents committed the following violations:

1. Respondents knowingly and wilfully violated 2 U.S.C. § 441b(a) by making corporate contributions.
2. Respondents knowingly and wilfully violated 2 U.S.C. § 441f by making contributions in the name of another person.

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VI. Respondents will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441f.

VII. Respondents will pay a civil penalty to the Federal Election Commission in the amount of fifty thousand dollars (\$50,000), pursuant to 2 U.S.C. § 437g(a)(5)(B). In ordinary circumstances, the Commission would seek a substantially higher civil penalty for the violations outlined in this agreement. Based upon the Respondents' representations, however, including their provision of a detailed financial statement demonstrating that Danielczyk has substantial outstanding secured debts far exceeding his assets and that Galen is no longer operating and has filed for bankruptcy, the Commission has accepted a reduced civil penalty. The Commission regards the Respondents' representations as material. If evidence is uncovered indicating Respondents' financial condition is not as stated, an additional civil penalty of seven hundred thousand dollars (\$700,000) shall be immediately due, pursuant to 2 U.S.C. § 437g(a)(5)(B).

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

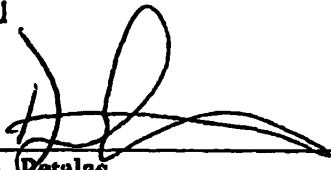
X. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Anthony Herman
General Counsel


BY:


Daniel A. Petalas
Associate General Counsel
for Enforcement

Date

7/12/13

FOR THE RESPONDENTS:


William P. Danielczyk
President and CEO, Galen Capital Group

Date

7-1-13

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