

Albany
Atlanta
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McKenna Long & Aldridge

Attorneys at Law

1900 K Street, NW • Washington, DC 20006
Tel: 202.496.7500 • Fax: 202.496.7756
www.mckennalong.com

New York
Philadelphia
San Diego
San Francisco
Washington, DC

STEFAN C. PASSANTINO
(202) 496-7138

email address
SPASSANTINO@MCKENNALONG.COM

May 17, 2010

VIA FACSIMILE 202-219-3923

Jeff S. Jordan, Esq.
Erik A. Morrison
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Re: Pre-MUR 498
Michael Steele and Belinda Cook

RECEIVED
FEDERAL ELECTION
COMMISSION
2010 MAY 17 PM 4:41
OFFICE OF GENERAL
COUNSEL

Dear Mr. Jordan and Mr. Morrison:

This law firm has been designated as counsel to Michael Steele and Belinda Cook in the above captioned Non-Complaint Generated Matter. The Federal Election Commission ("the Commission") has solicited information pertaining to a concern that Steele for Maryland, Inc. ("the Committee") may have accepted excessive cash and in-kind donations from Dr. Monica Turner. (Notification Letter, p.1). The Commission has also solicited information pertaining to certain disbursements made from the Committee to Dr. Turner's company, Eterni Sugar Unlimited. (Notification Letter, p. 2). Finally, the Commission has inquired whether the Committee received benefits from two vendors, Fomo Marten and GOP Shopp, for which it did not provide remuneration. (Id.). As demonstrated by the following, as well as the enclosed expert declaration of former Commissioner Michael Toner, no cause exists to conclude that the Committee, Mr. Steele, nor Ms. Cook have violated the Federal Election Campaign Act of 1971 ("the Act") in any respect.

With respect to the contributions received from Dr. Turner, and refunded to Dr. Turner's corporation, the two transactions in question reflect an effort by the Committee to reimburse legitimate campaign fundraising expenses. As the sister of candidate Michael Steele, Dr. Turner organized and hosted two fundraisers for Mr. Steele's Senate campaign, on July 8, 2006 and October 21, 2006. She also assisted with funds toward Internet and radio advertising, as well as by helping with miscellaneous outlays. In total she spent \$37,262.35. Because it was understood that the fundraiser cost considerably more than \$4,200, campaign staff advised

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Dr. Turner that she would be reimbursed for amounts beyond the maximum allowable individual donation. Accordingly, Dr. Turner provided the Committee with an itemized list of expenditures as well as an itemized invoice under the name of her company Brown Sugar Unlimited, LLC ("Brown Sugar"). Payment for all services provided to the Committee were made by the Committee in February of 2007. There is no evidence to suggest, as the Commission's Notification Letter would indicate, that such invoices or payments were made to conceal the legitimate payments for legitimate campaign services provided to the Committee. Campaign committees make such payments every day. Moreover, the listed corporate headquarters of Brown Sugar were the same as Dr. Turner's home address.

In addition to this law firm, the facts and circumstances surrounding Dr. Turner's contributions and subsequent reimbursement have been shared with Michael Toner of Bryan Cave LLP. As the Commission is aware, Mr. Toner heads his firm's Election Law and Government Ethics practice group and previously served as a Commissioner and Chairman of the Commission. As set forth in detail in the accompanying Declaration, Dr. Turner made contributions for bona fide campaign activities at fair value. The Committee's reimbursement of these contributions was both permissible and indeed necessary to assure that Dr. Turner did not contribute greater than the statutory maximum of \$4,200 in contributions. Expert Declaration of Michael Toner Regarding Steele Senate Campaign Payments to Dr. Monica Turner ("Toner Declaration"), attached hereto.

Ultimately, it is Mr. Toner's conclusion, shared by the undersigned, that the Committee's payment to Ms. Turner was not only legally permissible, it was also legally required to prevent the existence of any excessive in-kind contributions from Ms. Turner to the Committee's primary and general election campaigns, was a permissible use of campaign funds under 2 U.S.C. § 4470(a)(1) and did not constitute a prohibited personal use of campaign funds. To the extent the Commission should conclude that amended pre-primary, pre-general or 48 hour disbursements are beneficial at this point, the Committee will be willing to file such amendments.

With respect to payments made to the two vendors, Form Masters and GOP Shoppe, any past reporting errors with respect to these payments have long since been identified, and corrected by the Committee. After closely examining all payments made from July 31, 2006 to the present from the Michael Steele for Maryland Committee account ("State Account"), it was determined that with respect to services provided to the Committee, one payment each to Form Masters (in the amount of \$7,707.00) and GOP Shoppe (in the amount of \$29,973.30) was erroneously paid by the State Account for services which were legitimately performed for the Committee. Both vendors manufacture politically-oriented materials including signs, buttons, mailings, bumper stickers, apparel, balloons and other similar items. Although the Committee initially listed these debts as its own, the debts later erroneously were incurred because they were mistakenly believed at the time to have been incurred as an in-kind contribution to the Maryland Republican Party.

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Upon learning of the erroneous payments and reporting, in March and April of 2009, the Committee issued payment to the GOP Shoppe for \$29,973.30 and to Form Masters in the amount of \$7,707.00. Subsequently, these two vendors issued reimbursement payments to the State Account and amended federal disclosures were filed for the Committee on April 15, 2009. The recent Committee report covering the period January 1, 2009 to March 31, 2009 reflect that both vendors have been paid in full and neither has an outstanding balance. The Committee has further performed a review of all Committee bank statements detailing the withdrawals from the account at each bank, as well as the public disclosure forms reflecting the payee for each withdrawal, and the Committee now believes that all other payments from the State Account were completely proper expenditures for the benefit of the State Account. The erroneous payments to Form Masters and GOP Shoppe were an aberration, and have been entirely cured.

Thank you for your cooperation. Please do not hesitate to contact me if I can be of any assistance to you in resolving this matter.

Very truly yours,



Stefan C. Passantino

SCP:sg

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