



FEDERAL ELECTION COMMISSION

1125 K STREET NW
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 706

Date Filmed 6/14/79 Camera No. --- 2

Cameraman BPC

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1979

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Ave. S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bateman:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that the Rick Bennett for Congress Committee violated 2 U.S.C. §441b and 11 CFR §110.4(c) (2). Therefore, on April 3, 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

POSTAGE AND FEES PAID



Mr. Donald S. Bateman
Treasurer, Rick Pennett for
Congress

~~4221 320th Ave. S.E.~~
~~Issaquah, WA 98027~~



IN 1 YEAR OF THE
CHILD - PARTICIPATE
IN YOUR COMMUNITY



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1979

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
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4221 228th Ave. S.E.
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Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1979

Richard H. Bennett, Jr.
12350 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bennett:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that you violated 2 U.S.C. §441b and §441g. Therefore, on April 3, 1979, the Commission voted to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1979

Mr. P.V. Plastino
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Plastino:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that Hagoth Corporation violated 2 U.S.C. §441b. Therefore, on April 3, 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel



79040133407



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

April 4, 1979

Ms. Ava Frisinger
12921 - 231 Ave., S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Ms. Frisinger:

This is in reference to your complaint filed with the Commission on 9 September 1978 in which you alleged that Mr. Richard Bennett, Jr., violated the Federal Election Campaign Act of 1971, as amended ("the Act") by using corporate funds to pay campaign expenses and accepting in-kind corporate contributions from Hagoth Corporation.

The Commission found reason to believe that Richard Bennett, the Rick Bennett for Congress Committee ("the Committee") and Hagoth Corporation had violated 2 U.S.C. §441b with regard to corporate funds which may have been used in Mr. Bennett's federal election campaign.

Based on the investigation then conducted, the Commission found no reasonable cause to believe that Mr. Bennett, the Committee and Hagoth Corporation violated §441b of the Act. Therefore, on 3 April 1979, the Commission determined to close the file in this matter.

If additional information comes to your attention which you believe established a violation of the Act, please contact me. Further, should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel



79040133408

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 706
Richard Bennett, Jr.)
Rick Bennett for Congress)
Hagoth Corporation)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on April 3, 1979, the Commission determined by a vote of 4-0 to adopt the following recommendations, as set forth in the General Counsel's Report dated March 7, 1979, regarding the above-captioned matter:

1. Find no reasonable cause to believe respondents:
 - a. Richard Bennett, the Rick Bennett for Congress Committee and Hagoth, Inc. violated 2 U.S.C. §441b;
 - b. Richard Bennett violated 2 U.S.C. §441g;
 - c. the Rick Bennett for Congress Committee violated 11 CFR §110.4(c)(2).
2. Close the file.

Continued

79040133409

MUR 706
General Counsel's Report
Dated March 7, 1979
CERTIFICATION

Page 2

3. Send the letters attached to the above named report.

Voting for this determination were Commissioners
Friedersdorf, Aikens, McGarry, and Harris.

Attest:

4/3/79
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Signed by the General Counsel: 3-30-79
Received in Office of Commission Secretary: 3-30-79, 10:53
Circulated on 48 hour vote basis: 3-30-79, 4:30

79040133410

March 30, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 706

Please have the attached General Counsel's Report on MUR 706 distributed to the Commission on a 48 hour tally basis.

Thank you.

79040133411

'9 MAR 30 A10: 53

In the Matter of

Richard Bennett, Jr.
Rick Bennett for Congress
Hagoth Corporation

MUR 706 (78)

GENERAL COUNSEL'S REPORT

BACKGROUND

This matter was initiated on the basis of a notarized complaint alleging that Congressional candidate Richard Bennett,1/ then president and sole stockholder of Hagoth Corporation ("Hagoth"), commingled corporate and campaign funds, used corporate funds to pay campaign expenses, and accepted in-kind corporate contributions from Hagoth. In addition, our examination of the Rick Bennett for Congress Committee ("the Committee") reports disclosed that the Committee had listed \$5,100 in cash as contributions received from Mr. Bennett. On 4 October 1978, the Commission found reason to believe that respondents Bennett, the Committee and Hagoth violated 2 U.S.C. §441b; that respondent Bennett violated 2 U.S.C. §441g; and that respondent Committee violated 11 CFR §110.4(c)(2).

The Commission requested that respondents submit responses to specific questions attached to their respective letters of

1/ The complaint was dated 8 September 1978. Bennett won the Republican nomination for the third Congressional district in the Washington State primary held on 19 September 1978 but was defeated in the general election, receiving 41.35% of the vote.

notification. Committee Treasurer Donald Bateman responded on the Committee's behalf. (See Attachment I) Mr. Bennett responded to two sets of questions, one set addressed to him as candidate (See Attachment II) and a second set addressed to him as Hagoth's past-president. (See Attachment III)^{2/} Mr. P.V. Plastino, Hagoth's new president, responded through his attorney on Hagoth's behalf. (See Attachment IV)

Complainant's allegations were predicated on two newspaper articles which, in turn, concerned interviews with Richard Hamilton, former vice-president of Marketing at Hagoth, who had also been associated with Bennett's political campaign. As Hamilton was reported to have documentation to support his allegations that Bennett violated the Act, questions were sent to him regarding these allegations. After a number of contacts with Hamilton, we finally received a written response from him on 23 January 1979.^{3/} See Attachment V)

II. EVIDENCE

A. Corporate Contributions - Direct

Hamilton's response reiterated the allegations attributed to him in the news articles. He said that Bennett used Hagoth

^{2/} Through Mr. Bennett's responses to the questions addressed to him as candidate, we were made aware of the transfer of Hagoth's ownership interest on 15 September 1978, from Bennett To Mr. P.V. Plastino and of the fact that Plastino had assumed the presidency of Hagoth. Neither Bennett nor Plastino responded to the original questions addressed to Bennett as President of Hagoth. In view of these corporate changes, we then sent separate questions to Bennett and Plastino.

^{3/} Not having received proof of service of our original questions, we were unable to ascertain the cause for delay until we obtained Hamilton's unlisted phone number. We were then able to reach Hamilton by phone and on 18 December he assured us that he would respond.

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expense money to pay for campaign expenses and that he, Hamilton, was present on 18 August 1978 when Bennett personally accepted a \$1,000 Hagoth expense check, and in turn, wrote a \$1,000 personal check to his campaign.^{4/} Further, Hamilton stated that on 18 August, Bennett had a Hagoth check for \$100 cashed in order to pay for a shipment of certain political material.

Bennett denied that he commingled corporate and campaign funds. He stated that Hagoth did not pay for campaign expenses, that "in all cases, he took payment as income from Hagoth," which would appear as ordinary taxable income on his W-2 form. All transfers of corporate money were first listed as personal income to Bennett, who subsequently made personal contributions to his campaign.^{5/} In Bennett's position as Hagoth's sole stockholder and president, he took income from Hagoth "whenever (he) damn well felt like it."

Committee Treasurer Bateman stated that outside of a bill received from Hagoth for incidental expenses, he had no knowledge that Bennett directly used corporate money to pay for campaign expenses.^{6/}

4/ Corresponding \$1,000 entries appear on both a Committee invoice attached to Bateman's response and Bennett's 10 day pre-primary report. (Attachment VI). The Committee treated the \$1,000 as part of Bennett's aggregate campaign contribution to his primary election and therefore did not list the \$1,000 separately on its reports.

5/ Hamilton submitted a memorandum dated 21 August 1978 from Bennett to all Hagoth employees in which Bennett stated that he "will have to be billed by the Company, as an individual (or given the value as personal taxable income) for all transactions between the corporation and his campaign. "At that point, (he) could make an in-kind contribution to the campaign safely." (Attachment VII)

6/ Bateman attached a Hagoth memorandum which listed \$76.15 in campaign expenses owed Hagoth by the Committee. Bennett's 10 day pre-primary report reflects the \$76.15 as an in-kind clerical loan from Bennett to his Committee; the Committee treated the receipt of the \$76.15 as part of Bennett's aggregate contributions to his campaign for the primary election.

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Plastino stated he had no knowledge of Hagoth's policies prior to his designation as president of Hagoth on 15 September 1978 and therefore could not provide information on this issue.

B. Corporate Contributions - In-Kind

5
9
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4
0
1
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1
5
The in-kind corporate contributions to which the complainant refers concerns Bennett's use of a computer located at the corporation and leased by Hagoth, and a computer terminal located in Bennett's home. While there is no dispute that Bennett made political use of the computer at Hagoth, Hamilton stated that Bennett "undercharged" his campaign for this use. He stated that while Bennett only billed the campaign \$200 a month for use of a computer port,^{7/} Bennett actually used the computer "on a totally dedicated basis," and that "the political demands on the computer were so great at times that Hagoth business could not be transacted." Hamilton concluded that while Bennett billed himself \$1,000 for five months' use of the computer, the value of the time he used in one month should have exceeded this amount. Hamilton had been requested by the General Counsel's office to provide information and documentation to substantiate the "underbilling" and provide information on the computer terminal in Bennett's home. He failed to provide evidence to document Bennett's amount of computer use, the value thereof, and the period during which this use occurred.^{8/}

^{7/} Hamilton stated that the corporate computer had 16 such ports. Computer ports are communication lines which allow access to the computer's data bank. They also serve as billing units for computer use.

^{8/} Rather, Hamilton offered as evidence Bennett's "rationale" for the "undercharge:" According to Hamilton, Bennett felt that if he erred in billing the campaign for computer use, it would be an error in the government's favor as the government would receive a larger amount in taxes from Hagoth.

Bennett stated that he intended to use the computer at Hagoth for five months (July through November, 1978) and paid for this use by accepting \$1,000 in compensation from Hagoth. This transaction also appears on Bennett's candidate reports. Bennett listed the \$1,000 as an in-kind contribution to his committee, part of his aggregate \$10,914.14 contribution to his primary election campaign. Bennett stated that as Hagoth's president and sole stockholder, he had sole discretion in the decision to use the computer for campaign purposes.^{9/} Plastino stated that after September 15, 1978, the computer time leased by Hagoth could be used for business purposes only.

While Bennett admitted he had a computer in his home which had been installed and leased by Hagoth until 15 September when he sold his interest in the corporation,^{10/} he declined to answer questions as to the purposes of its use, stating that its use was a "closely guarded secret" and not relevant to the FEC's inquiries.

^{9/} The only written agreement for this use consisted of an inter-office memorandum drafted by Bennett, which he attached to his FEC 10 day pre-primary report. Bennett's responses also disclosed that other employees were allowed personal use of Hagoth's computer.

^{10/} In his 24 October response, Bennett also stated that he had the computer in his home for a period of approximately nine months. Since Bennett became a candidate in August of 1978, he had this computer for six months prior to that time.

Further, while Bennett's 12 December response indicated that the monthly lease fee, paid by Hagoth until he assumed full responsibility for the computer, was \$936, his 24 October response had indicated that "with a full field service maintenance agreement, his total lease obligation amounted to approximately \$2,000 per month."

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Hamilton did not respond to our questions concerning Bennett's use of a computer in his home. Plastino did confirm that Bennett assumed all responsibility for the computer terminal in his home on 15 September as part of the sale agreement.

C. Cash Contributions

Bennett denied that the \$5,100 in contributions reported by the Committee as cash were "cash" transactions. He explained that all transfers (contributions) to his campaign were by check written to the Committee. Bennett stated that he used the "cash" reference to differentiate these contributions by check from in-kind contributions made by him to his campaign (i.e. use of the computer leased by Hagoth).

Bateman confirmed Bennett's statement that the "cash" contributions were in fact Bennett's personal checks deposited to the Committee's account. According to Bateman, all funds received from Bennett were by personal check to the Committee.

III. ANALYSIS

In connection with the possible violations of §441b, the questions that must first be answered are:

1. Did Bennett's relationship to Hagoth operate to convert the contributions as declared by him from corporate assets to his personal assets? and
2. Was the computer use declared by Bennett for campaign purposes an undervaluation of these services?

Section 110.10(a) of the Commission's regulations specifies that a candidate may make "unlimited expenditures from personal funds," and §110.10(b) defines "personal funds" to include

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(1) "any assets to which at the time he became a candidate the candidate had legal and rightful title, or with respect to which the candidate had the right of beneficial enjoyment, under applicable state law, and which the candidate had legal right of access to or control over ... and

(2) Salary and other earned income from bona fide employment ..."

7 9 0 4 0 1 3 3 4 1 8
Bennett was the sole stockholder and president of Hagoth 11/ As such, he was entitled to, and was accustomed to taking earned income at irregular intervals and in irregular amounts.12/ Given Hagoth's apparent policy of allowing Bennett to write corporate checks to himself at irregular intervals prior to his becoming a candidate, and Bennett's past practice of drawing corporate checks whenever he so desired, we think that the Hagoth "assets" transferred by Bennett to his campaign were in fact assets over which he had the "legal right of access ... and right of beneficial enjoyment." Further, the taking by Bennett of these assets first as personal taxable income and then subsequently making personal contributions to his campaign when combined with his prompt reporting of this to the Commission, supports the theory that the assets involved in the transfer meet the "personal funds" test of §110.10. Therefore, it appears that the "assets" transferred were not corporate contributions as alleged in the complaint, but rather transfers from Bennett's "personal funds" to his federal campaign.

11/ Washington law was amended in 1975 to provide that direction and management of solely owned corporations could be concentrated in the same individual. RCWA §§23A.08.350, 23A.08.470.

12/ Neither Washington nor any other other state provides for restrictions on compensation of corporate officers. 2 Washington and Rothschild, Compensating the Corporate Executive (3d ed. ch 19. 1962). Indeed, in the close corporation, compensation often constitutes the primary channel for distributing corporate profits. 2 Washington and Rothschild, Compensating the Corporate Executive 849 (3d ed. 1962)

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The second issue is whether Bennett underbilled the amount of computer use taken by him as personal income and listed as an in-kind contribution to his campaign. Section 100.4(a)(1)(iii) of the regulations requires that the charge for use of facilities be the "usual and normal charge," defined as "the price of (the) goods in the market from which they ordinarily would have been purchased at the time of their contribution." Bennett stated that the usual computer fee was \$200 per port, per month, but did not indicate the amount of computer time used. While Hamilton described Bennett's use of the Hagoth computer as being on a "totally dedicated basis" and that the "political demands on the computer were ... great at times," the description is vague and fails to establish with any certainty the amount of time Bennett actually spent on the computer. Hamilton also failed to provide any documentation to support the alleged underbilling.^{13/} In the absence of specific evidence which might serve as the basis for pursuing this issue further, and given Bennett's relationship to Hagoth as previously discussed, we think Bennett's promptly reported valuation of the computer use should be accepted.

As previously mentioned, Hamilton did not address questions regarding the use of the computer terminal in Bennett's home for campaign purposes. Bennett, on the other hand, stated in his 20 October response that the purpose for which this computer would be

^{13/} Hamilton's allegation of underbilling by Bennett is further brought into question as a result of Bennett's divestiture of Hagoth on September 15, 1978. In August, 1978, Bennett declared that his use of the computer was for five months, including September, October and November, 1978. However, after September 15, Bennett's access to the computer at Hagoth ceased, so any excess usage by him prior to that date might well have been covered by his declared usage for the succeeding months.

used was not relevant to the Commission's inquiries and was a "closely guarded secret." Bennett's response is conclusory rather than factual, however when read in light of his reporting of the use of the computer at Hagoth, it should be interpreted to mean that Bennett did not use the computer at home for campaign purposes while it was leased by Hagoth.^{14/}

Regarding the possible violations of 2 U.S.C. §441g and 11 CFR §110.4(c)(2), Bennett and the Committee have sufficiently explained the "cash expenditure" notations which appeared on Committee reports. Both respondents stated that these "cash" transfers were in fact personal checks from Bennett drawn on his account and payable to the Committee. Therefore, Bennett is not in violation of §441g of the Act and the Committee is not in violation of 11 CFR §110.4(c)(2).

RECOMMENDATION

1. Find no reasonable cause to believe respondents
 - (a) Richard Bennett, the Rick Bennett for Congress Committee and Hagoth, Inc. violated 2 U.S.C. §441b;
 - (b) Richard Bennett violated 2 U.S.C. §441g; and
 - (c) the Rick Bennett for Congress Committee violated 11 CFR §110.4(c)(2).
2. Close the file
3. Send the attached letters

3/30/79
Date


William C. Oldaker
General Counsel

^{14/} The issue as to Bennett's possible use of the computer in his home for political purposes arose in the 26 August newspaper article provided by complainant. There Bennett was reported to have "hinted" that as part of his campaign, he planned a last minute direct mailing designed by the computer in his home.

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ATTACHMENTS

- I. Committee's response
- II. Candidate Bennett's response
- III. Bennett's response as past president of Hagoth
- IV. Hagoth's response
- V. Hamilton's response
- VI. Bennett's report
- VII. Memorandum
- VIII. Proposed letters (3)
- IX. Letter to complainant

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

FEDERAL ELECTION COMMISSION

ATTACHMENT I
AGUIAR

TO: Mr. Donald Bateman, Treasurer
Rick Bennett for Congress

Re: MUR 706(78)

QUESTIONS

- I. Reports filed by your Committee and the candidate Richard Bennett indicate that the Committee received in-kind and direct loans from candidate Richard Bennett in the aggregate amount of \$10,914.14. This included a \$1,000 expenditure on August 21, 1978 to Hagoth Corporation for 5 months of computer time.
- A) To your knowledge, were Hagoth employees required to operate the computer?
NOT TO MY KNOWLEDGE.
- B) If so, did the \$1,000 fee include compensation for these employees?
- C) Were any members of your Committee involved in this transaction? If so, identify them.
NO OTHER MEMBERS WERE, TO MY KNOWLEDGE, OTHER THAN RICK BENNETT, THE CANDIDATE.
- D) Explain the terms and conditions of the computer use agreement. Provide copies of any written agreement with the Committee made for this usage.
THE ONLY WRITTEN AGREEMENT WAS SUBMITTED WITH THE PRE-PRIMARY REPORT.
- II. Reports submitted by Mr. Bennett disclose "cash" contributions (loans) to your Committee in the aggregate amount of \$5,100 (see attached report),
- A) In what form were these amounts received, i.e. bank check, draft, etc.?
THEY WERE BANK CHECKS DEPOSITED INTO THE CAMPAIGN ACCOUNT.
- B) When were these amounts received and used by the Committee? Provide material in support of your answer.
~~ENCLOSURE~~ A XEROX COPY OF THE CAMPAIGN CHECK REGISTER. ENCLOSED.
- C) Detail the purpose of these loans.
TO FINANCE THE CAMPAIGN.

9040133422

Questions to:
Donald Bateman, Treasurer
Rick Bennett for Congress

- 2 -

Re: MUR 706(78)

600*

5300

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- D) How, if at all, have these loans been reported?
INCLUDED AS ITEM ONE IN SECTION A, PAGE 1 OF THE PRE-PRIMARY
FEC REPORT.

III. The Complaint alleges that on or about August 18, 1978, Mr. Bennett cashed a \$1,000 corporate expense check and transferred the funds to the campaign. What is your recollection of this \$1,000 transfer? Did the Committee receive any cash contributions (loans) from Mr. Bennett other than those referred to in Question II? If so, explain the purposes for which these funds were used. State also the date of each loan.

ALL COMMITTEE FUNDS FROM MR. BENNETT WERE BY PERSONAL CHECK FROM MR. BENNETT (SEE CHECK REGISTER). MR. BENNETT HAS NEVER MADE "CASH" TRANSACTIONS WITH RESPECT TO THE COMMITTEE OR THE CAMPAIGN!

IV. It is alleged that on or about August 18, 1978, Mr. Bennett used a \$100 corporate expense check to pay for shipping of campaign materials.

A) Do you have any knowledge of this? If so,

I HAVE NO KNOWLEDGE OF THIS, ALTHOUGH ONE BILL FROM HAGOTH IS ATTACHED.

B) Describe what coordination, if any, occurred between Mr. Bennett and the Committee and what Committee materials, if any, were involved.

THE BILL FROM HAGOTH IS ATTACHED, .

V. In your 10 day pre-primary report, on page 2, line 3, your entry for net expenditures is marked as "meaningless because of in-kind mix." (See attachment B). Further explain this statement.

WE MADE SOME MISTAKES IN FILLING OUT THE FEC REPORT, WHICH CONFUSED IN-KIND WITH ~~THE~~ MONETARY ITEMS. WHILE ALL ITEMS WERE ACCURATELY REPORTED, WE ARE CURRENTLY IN THE PROCESS OF AMENDING OUR FEC REPORTS IN ORDER TO MAKE OFFSETTING CORRECTIONS TO THE IN-KIND ENTRIES, SO THE "BALANCE" ENTRY ON THE FEC REPORT ACCURATELY REFLECTS THE CASH (MONEY) BALANCES. THUS, IT WAS OUR ERROR IN INTERPRETING THE WAY IN WHICH TO FILL OUT YOUR FORMS, WHICH WE HOPE YOU WILL BE ABLE TO ATTRIBUTE TO OUR INEXPERIENCE IN DEALING WITH SUCH REPORTS.

STATE OF WASHINGTON

COUNTY OF KING

On this day personally appeared before me, Donald S. Bateman, to me known to be the individual described in and who executed the within and foregoing instrument.

Given under my hand and official
seal this 23rd day of October 1978.

Notary Public in and for the State
of Washington, residing at Seattle

Committee Primary Account
 and Deposits in time period in question.

CHECK NO	DATE	CHECK ISSUED TO	IN PAYMENT OF	AMOUNT OF CHECK	✓	DATE OF DEPOSIT	AMOUNT OF DEPOSIT	BALANCE
BALANCE BROUGHT FORWARD →								
4		First Bennett Ap.				8/4	3000 -	
2						8/4	350 -	
4			Bennett			8/8	1000 -	
3						8/9	235 40	
3			Bennett			8/14	100 -	
1			Bennett			9/18	1000 -	
0						9/20	172 50	
4						8/24	100 -	
0						9/6	50 -	
9						9/12	1050 -	
0						9/19	63 25	
7						9/28	120 -	
						9/6	75 -	

HAGOTH

CORPORATION

TO : Dorothy More

FROM: Sandra Caddenhead

RE: BENNETT FOR CONGRESS CAMPAIGN EXPENSES

Dorothy: here is a list of incurred expenses to turn over to Rick regarding expenses.

- | | |
|--|-------|
| 1. Receipt for certified Mail | 3.40 |
| Receipt for certified Mail | 3.40 |
| 8/16/78 | |
| 2. Greyhound Bus Bill | 3.35 |
| 8/16/78 | |
| 3. Usage of xerox machine for | |
| press releases: 550 copies @ 4c ea = | 22.00 |
| 8/1/78 or thereabouts | |
| 4. Usage of xerox machine for | |
| one saturday about 8/9/78 | 20.00 |
| 500 copies | |
| 5. My time spent July 24 typing | |
| letters 8 hours @ Apprx. \$6.00 hr. | 24.00 |
| 6. Phone bills will be review by Bfr C Committee | |
| and submitted to Hagoth. | |

Otherwise I know of no outstanding expenses to Hagoth.

Thanks , Sandy

\$ 76.15

October 20, 1978

William C. Oldaker, General Counsel
Federal Election Commission
1325 K. Street N.W.
Washington, D. C. 20463

'78 OCT 24 PM 1:55

807229

RE: MUR 706 - ASSIGNED TO MIRIAM AGUIAR

Dear Mr. Oldaker,

Pursuant to the above-referenced complaint, herein is my notarized and sworn affidavit. I don't believe I will enlist the aid of legal counsel at this time, as the questions you raise can be attributed to both your mis-reading of my FEC reports as well as a bit of old fashioned political harrassment by the local Democrats. Following, therefore, are my sworn answers to your questions:

I. The August 26, 1978 report indicates I have a computer in my home. That is correct. What, if any, use I will make of the computer is a closely guarded secret and is not relevant to your inquiries.

A. I have had the computer in my home for approximately nine months.

B. Until September 15, 1978 the computer was leased by Hagoth Corporation, of which I was the sole stockholder. On September 15, 1978 I sold my interest and stock in Hagoth Corporation. Part of the buy-out agreement transferred the rights in the computer to me personally. We are now in the process of transferring that lease document to me. Since the sale of my company, I have assumed the full liability and financial responsibility for the computer. With the field service maintenance agreement, the total lease obligation amounts to approximately \$2000 per month.

II. A) The \$12,000 referred to in the article was an off-the-wall guess, as we had not yet completed my FEC reports. The \$10,914.14 was indeed the correct amount.

B) There are no "Hagoth in-kind contributions". Hagoth billable items appear as items 7 and 8 on page 3 of my personal FEC statement, and as item one of page 3 of the same statment, form B. In all cases, I took this as income from Hagoth Corporation, to appear on my W-2 statement as ordinary income.

III. Concerning the aggregate \$5100 "cash" referred to in this item, there was no cash transfer. I used the

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term "cash" to differentiate these contributions from "in kind" contributions. These were checks, written to the campaign account and deposited accordingly. These are summarized as item one, page 1 of form A included in the committee FEC report of the same date.

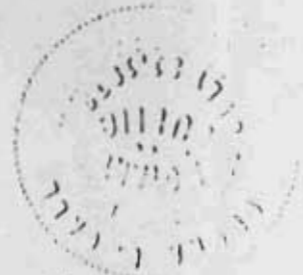
In summary, I might point out the newspaper article was written before the report closing date, and were there any irregularities in our methods of accounting, you can't think us so stupid as to let such irregularities go uncorrected. The true fact is, my campaign manager and I had some personal differences which erupted in such a way as to attract press attention. Were the allegations made to have any substance, I can assure you Mr. Hamilton would have filed a formal complaint. But as is now the case, both Mr. Hamilton and myself recognize the personal nature of our conflict. The charges are indeed without substance, and I trust you will reach the same conclusion after a careful review of the facts.

Sincerely,

Rick Bennett

Rick Bennett
Candidate for Congress

Laura B. Gail
Notary Public



79040133427

FEC HARRASSMENT
OLDAKER, 12/7/78

ATTACHMENT III
Agua
RECEIVED
FEDERAL ELECTION
COMMISSION

December 7, 1978

'78 DEC 12 PM 1:56

Richard H. Bennett, Jr.
12350-206th Place S.E.
Issaquah, Washington 98027

808486

William C. Oldaker, General Counsel
Federal Election Commission
1325 K. Street N.W.
Washington, D.C. 20463

RE: YOUR INQUIRY DESIGNATED MUR 706(78)

Dear Mr. Oldaker,

This is the third separate inquiry sent to me. All three were apparently drafted simultaneously. Could I suggest you get your act together? This is a perfect example of a bureaucracy justifying its own existence by generating work. If you have a complaint about the accuracy of my reports, then I suggest you tell me how you want them modified or re-written. The questions on this particular questioner are repetitive, foolish, and could be answered if you had taken the time to read my previous statements. Nevertheless, I will once more, answer your questions under oath. You had better be thankful I didn't win the election, because as a member of Congress I would not have rested until you were made personally responsible for the damages due to unnecessary harrassment. What in the hell would be wrong with your submitting just one set of questions? You could probably get by with a much smaller staff, I would guess. Ok, Bill Baby, here goes, once more with feeling:

I. My relationship with Hagoth Corporation:

A. I founded Hagoth Corporation in April of 1976, and sold my interest in Hagoth on September 15, 1978. My total wages for 1978 were \$74,959.30 and I took income whenever I damn well felt like it. I was not on an expense account per se, as the secretary kept a petty cash drawer which was used to maintain incidental office expenses. I have no access to those records, but they are maintained now by Hagoth Corporation for tax purposes, along with receipts.

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- B. Other Hagoth officers while I was President were:
Patrick Hardee, Littleton, Colorado (303)771-0670.
Hardee was Vice president of engineering. Bruce
Rowe, Issaquah, Washington (206)226-3158. Bruce
Rowe was Vice President of Operations. Richard
Hamilton, Issaquah, Washington (206)271-0641 was
Vice President of Marketing. Ed Dittmar, Issa-
quah, Washington (206)392-7251 was Vice President
of Sales.

II. The August 24th newspaper report was correct, as I in-
dicated in a previous questioner, except that the checks
were not listed as expenses by our accountant, but were as-
signed to me as ordinary income and taxable as such. Hagoth
records can verify this fact. The Hagoth accountant in
charge of this was Mrs. Dorothy Moore and she can be re-
ached at Hagoth Corporation.

A. No expenses were transferred to the campaign, and
all campaign transfers were reported as personal dona-
tions by myself. The dates have been previously re-
ported.

B. The expense account question was answered in I.A.
I did not have an expense account as such. I was imme-
diately reimbursed from petty cash, and those records
are still with Hagoth Corporation.

C. Besides myself, Mr. Bruce Rowe was the only other
Hagoth employee who had check-signing authority.

D. No employee had any such rights, including myself.

III. A. Re the Hagoth Computer:

Since I was the sole stockholder in the company, no one
else had any role in the decision whatsoever (Boy, you
guys surely ask stupid questions). As for the agree-
ment, you have the only agreement, which was my inter-
nal memo dated August 21, 1978. The commercial fees
are in the memo.

B. Other persons given personal uncharged use of the
computer were Mr. David Vandeventer, 9523 240th Ave.
S.E., Issaquah, Washington 98027 phone (206)392-1941
and Mr. Larry Walker, 24856 Tiger Mountain Road, Issa-
quah, Washington 98027 phone (206)392-7765. Again, the
commercial fees charged for such use were in my inter-
nal memo. Mr. Vandeventer donated some time to ini-
tially set up the political computer data base, and he
freely donated that time to the campaign (he set a
limit of 6 hours per week). This was not reported, as

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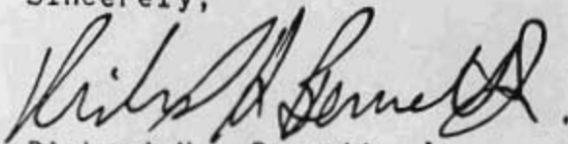
volunteer time need not be reported.

IV. As of September 15th Hagoth did not lease the computer. I personally leased the computer. Prior to September 15, the computer was leased by Hagoth. The monthly lease fee was \$936, and you will have to obtain the lease agreement from Hagoth.

V. I answered this question previously. Do your homework!

In summary, you people are getting on my nerves. I question your competence and I sincerely question your motives.

Sincerely,


Richard H. Bennett, Jr.



2/7/78
Helen K. Hooy
Issagueh

19040133430

LAW OFFICES
COLLIER & NETZKY

ATTACHMENT IV
5904

FILED
FEDERAL ELECTION
COMMISSION

307 OCCIDENTAL - SEATTLE, WASHINGTON 98104 - (206) 582-4865 DEC 18 AM 10:32

GERALD F. COLLIER
GERALD B. NETZKY
JOHN JAMES WATSON

December 12, 1978

308470

Federal Election Commission
1325 K Street NW
Washington, D.C. 20463

Attention William C. Oldaker
General Counsel

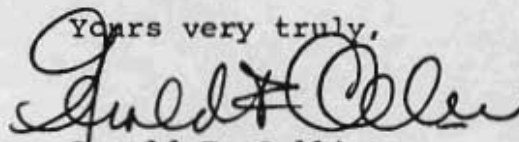
Re: MUR 706 (78)

Gentlemen:

This office represents the Hagoth Corporation
and hereby appears for said corporation.

In response to your letter to Mr. P. V. Plastino,
President of the Hagoth Corporation and the Federal Election
Commission's questionnaire attached to it, we are herewith
enclosing a response to the questions asked.

Yours very truly,



Gerald F. Collier
Attorney at Law

Enc.

19040133431

FEDERAL ELECTION COMMISSION

TO: Mr. P. V. Plastino
President, Hagoth Corporation

RE: MUR 706 (78)

QUESTIONS

I. When did you become President of Hagoth Corporation ("Hagoth")?

ANSWER: September 15, 1978

As President of Hagoth, are you entitled to the use of a corporate expense account?

ANSWER: Yes

If so, is it part of or in addition to your annual compensation?

ANSWER: In addition to.

Are you Hagoth's sole stockholder?

ANSWER: No

If not, list those individuals who hold stock in Hagoth and the percentage held.

ANSWER: The answering party declines to answer this information feeling that it is personal and confidential, and not relevant to the Commission's investigation. No part of any of the capital stock of Hagoth Corporation is now, or has been since 9/15/78 owned or held by Rick Bennett or any other person who is or has been a candidate for public office, either municipal, state or federal.

II. What is your understanding of the corporate policy regarding personal use of the corporate computer?

ANSWER: There is no corporate computer. Hagoth Corporation does purchase computer time, and the corporate policy since September 15, 1978, the only policy matters of which the answering party has any knowledge, has been that the computer time purchased by the Hagoth Corporation is to be utilized solely and strictly for corporate business, and not for any personal use.

Has the policy changed subsequent to your designation as President of Hagoth?

ANSWER: I have no knowledge of what the Hagoth corporate policy was prior to my designation as President of Hagoth Corporation on September 15, 1978, which was the same date I acquired the controlling interest in the capital stock of the corporation.

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III. Explain the operation of Hagoth's expense account.

ANSWER: The corporate expense account is principally for the purpose of reimbursing authorized employees for usual and necessary business expenses incurred by them in the performance of their employment duties for Hagoth. Occasionally funds are advanced for anticipated business expenses.

- (1) Did the operation of the expense account change when you became President of Hagoth?

ANSWER: I do not know what the operation of the expense account was prior to my becoming President and the principal stockholder of Hagoth on September 15, 1978.

- (2) Is the expense account part of or in addition to annual compensation?

ANSWER: In addition to annual compensation

- (3) Are any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?

ANSWER: Yes, only myself. If a check is drawn for anticipated expenses, and any part of it is used for expenses deemed not to be usual or ordinary business expenses, that portion of the advance is treated as personal compensation as opposed to payment of business expenses.

- (4) If so, is the compensation part of or in addition to annual salaries.

ANSWER: In addition to.

IV. During negotiations to purchase Hagoth from Mr. Bennett or at any other point in time, were you aware of allegations made regarding Mr. Bennett's use of Hagoth corporate expense checks for his political campaign?

ANSWER: Absolutely not.

V. Were you aware that Hagoth had installed a computer in Mr. Bennett's residence?

ANSWER: The only thing I knew was that Mr. Bennett had a computer located in his residence.

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FEDERAL ELECTION COMMISSION - 3

V. (Continued)

If so, what arrangements were made regarding this computer?

ANSWER: As part of the stock purchase and various related agreements of 9/15/78, no further payments on the lease of this computer were to be made by Hagoth Corporation and they have not been. It is a leased computer and Mr. Bennett assumed all responsibility for payments on the lease.

Does Hagoth still own and maintain the computer?

ANSWER: No. Hagoth, to my knowledge, has never owned a computer and has not maintained or leased any computer since September 15, 1978, when I became President and principal stockholder.

If so, state the maintenance cost.

ANSWER: Unknown

If not, state who owns the computer and who maintains it.

ANSWER: It is my belief that the computer is owned by EQUICO Leasing Company of Bellevue, Washington, and has been leased and maintained from that company by Rick Bennett.

If the computer has been sold, include a copy of the sale agreement.

ANSWER; Not applicable.

19040133434

January 18, 1979

Miriam Aguiar
 General Counsel's Office
 Federal Election Commission
 1325 K Street N.W.
 Washington, D.C. 20463

79 JAN 23 PM 2:16

Dear Ms Aguiar:

900407

Enclosed is a copy of the original letter to Wm. C. Oldaker and the miscellaneous other copies. There was also a memo dated August 21 from Bennett to his bookkeeper that charged the campaign a total of \$1,000 for the use of the computer. (I have misplaced my copy of that particular memo; but it can probably be obtained if required.)

The document dated August 5 was a brief summary of the situation that I prepared for The Poth Agency in Seattle. Poth Agency has the reputation of being the most competent polygraph testing agency in the northwest. I did subject myself to their evaluations; and the essence of their final report was that, in their opinion, I was telling the truth. (I subjected myself to that examination with the intention of refuting the counter-charges against me that were brought by Bennett.)

I think that the August 5 memo covers most of what we were discussing on the telephone; so, I won't repeat those points within this letter.

However, there are several additional points that are perhaps worth making.

Bennett did contact me prior to his submitting his actual report to you. Based on our discussions at that time, there were some very obvious omissions (such as the trade of a Hagoth voice stress analyzer -- provided by Hagoth Corp -- to a local balloonist in exchange for his flying a large, hot-air balloon with a "Bennett for Congress" sign on it), omission which, I understand, were subsequently corrected in the report. In short, while I suspect that the final reports were relatively "clean", I also suspect that if I were to review them, that I could spot other errors or omissions.

Another point that we did not discuss on the telephone was relative to Bennett's "rationale" for the \$1,000 "undercharge" for the computer. (And, if you have difficulty following this, it will probably be because I don't really understand what he was saying, myself.) His rationale was that if he erred in underbilling the campaign for the computer, he was erring in favor of the government -- because the government would receive a greater amount of taxes in such a case (presumably from Hagoth). At that time, however, Hagoth was in such severe financial difficulty that there was no realistic likelihood that the corporation would have to pay any federal income taxes (the company being in a loss position). Income to Bennett, however, was real -- and therefore taxable!

Another point that I would reiterate is that I did in fact

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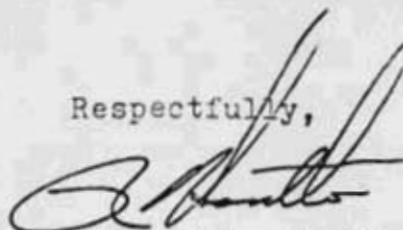
contact The Federal Election Commission in this matter -- and that the very first people to know about it were Kevin Kelley and Bruce Shelton. These contacts were made before anything came out in the papers.

The final comment that I would make -- and I don't mean to infringe on your particular area of expertise -- is relative to the question of intent. Bennett apparently obtained legal counsel almost immediately after this situation became publicly known. He stated at that time that, "I haven't filed the reports yet, so the only thing you can go on is intent -- and you can't prove it." Perhaps he is right. All that I can say is that the \$100 check from Howard Ruff did not show up on any reports (to the best of my knowledge) -- and that in the final analysis he did charge the campaign only \$1000 for the use of the computer. Beyond that, I was -- and am still -- absolutely convinced of what his intentions were. His handling of the petty cash and his initial, vehement refusal to invoice the campaign removed the last doubts that I had about his intentions.

But, the question as to the adequacy of my convictions relative to Bennetts's intentions is one that only you can answer.

Please let me know if you need more from me. And please let me know what the final outcome is. I am most interested.

Respectfully,



Richard A. Hamilton
12509 206 Place S.E.
Issaquah, Wash 98027

(206) 271-0641

December 18, 1978

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Mr Oldaker:

This letter, the enclosed documents, and the enclosed cassette recording are in response to your letter of inquiry referenced MUR 7/6 (78) and dated November 9, 1978.

I would appreciate being advised of whatever final disposition is arrived at in this case.

Respectfully,

Richard A. Hamilton
12509 206 Place S.E.
Issaquah, Wa 98027

79040133437

5 August 1978

I have previously concluded, for a number of different reasons, that Richard Bennett, Jr. is in violation of federal election law in the following particulars:

- 1.) Either Richard Bennett has diverted campaign contributions to his personal use -- or, he is a liar.
 - A. Bennett has stated to me and to others on repeated occasions that his first campaign contribution was a \$100 check from Howard Ruff (publisher of The Ruff Times Report).
 - B. When asked about the check, to get it deposited into the campaign account and accounted for as required by law, Bennett always (except for the last time) answered that he had misplaced the check and couldn't find it.
 - C. When Bennett was preparing to fill out his first FEC report, I told him that he must find the check and get it deposited. He answered that he couldn't because he had needed the money personally and that he had cashed it.
 - D. I told him that he couldn't do that he couldn't do that sort of thing, that it was against the law, and that all contributions had to be deposited to the campaign account.
 - E. Bennett responded that it wasn't really a campaign contribution -- that it was an honorarium for being on Ruff's show. When asked why he had told so many people that it was a contribution, Bennett explained that he told Ruff that he would endorse it over to the campaign -- and that Ruff said, "Fine."(Federal Election law holds that a transaction is a political contribution if that is what the giver understands it to be.)
- 2.) Bennett has used the resources of Hagoth Corporation in support of his campaign -- even when the honest, straightforward alternative was possible.
 - A. On the morning of August 18, Bennett started to send one of the Hagoth secretaries to the bus station with a carton of political materials. There was not enough Hagoth petty cash to cover the transaction. So, Bennett first sent her to the bank to cash a \$100 Hagoth check. She then had enough money to send the package.
 - B. Later that same day Bennett wrote himself a \$1,000 check from the Hagoth account (identified as "movie expenses"). He in turn wrote a \$1,000 check to the campaign from his personal account.
 - C. In the afternoon of the same day, I asked Bennett to start invoicing the campaign for the support that it was getting

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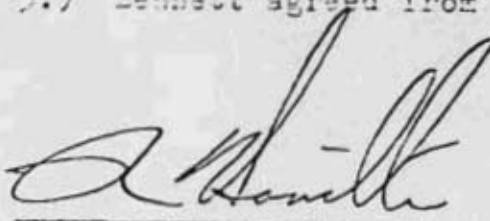
from Hagoth Corporation. Bennett refused claiming, "It is too much trouble."

- D. On Monday, August 21, 1978 Bennett claimed that there was no wrong-doing on his part and that what he really said on the previous Friday was that he wouldn't invoice the campaign on that particular day.

(On Monday, August 21, 1978, after Bennett had become aware of the ~~potential~~ potential problems that he faced as a consequence of his earlier disregard of campaign reporting requirements, he did write a memo to his employees advising them to begin to keep such records.)

- E. When asked on Monday about the machinations with the Hagoth petty cash and the package that was shipped out on the bus, there was a long pause before Bennett responded, "It had to get out."

- 3.) Bennett wrote a memo to record and to his bookkeeper on August 21. in that memo, he charged the campaign \$200 / month for the use of the Hagoth computer. The figure that he charged was for the use of one "port" or 1/6th of the computer. In actual practice, Bennett had utilized the computer on a totally dedicated basis for the campaign. The political demands on the computer were so great at times that Hagoth business could not be transacted. In short, the value of the time used in one month should have exceeded the total campaign charge of \$1,000.
- 4.) Bennett has known from the first that the FEC prohibits such actions.
- 5.) Bennett agreed from the first to "play it straight."



Richard A Hamilton

79040133439

HAGOTH
CORPORATION

Hamilton

August 21, 1978

TO: ALL HAGOTH EMPLOYEES

FM: RICK BENNETT

RE: KEEPING HAGOTH AND MY POLITICAL CAMPAIGN
SEPARATE

Please keep separate records for any time or money you put into the campaign. For example, we used petty cash to mail (on the bus) some campaign literature for a county fair.

Corporations cannot make contributions to a campaign, so I will have to be billed by the company, as an individual, (or given the value as personal taxable compensation), at which point I can make an in-kind contribution to the campaign safely.

Please, therefore, submit all receipts in memo form, regarding time and money. This will keep me and the campaign out of trouble.

Thanks.

Rick Bennett

79040133440

SCHEDULE II

REVISED

January, 1978

Federal Election Commission

1225 K Street, N.W.

Washington, D.C. 20543

ITEMIZED EXPENDITURES

(Covering: Transfers Out, Contributions In-Kind,
Loans) Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c
of FEC FORM 3

Page 1 of 3 for
Line Number 21

(Use Separate Schedules for
each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Richard H. (Rick) Bennett, Jr. Full Name, Mailing Address and ZIP Code Rick Bennett for Congress 4221-228th Ave S.E. Issaquah, Wash. 98027	Loans Cash General	7/21/78	\$100.00
same ↑	Loans Cash General	7/21/78	\$3000.00
same ↑	same	8/8/78	\$1000.00
same ↑	same	8/16/78	\$1000.00
S. J. Guzzetta Campaign Mgmt. Associates, Box 82207 Tampa, Fla. 33682	(form) Consulting	7/21/78	\$1000.00
Providence Hts. Conf. Ctr. 4221-228th Ave. S.E. Issaquah, Wash. 98027	(form) OFFICE RENT - HQ.	7/13/78	\$409.30
Post Marketing Corp. 7100 Woodman Ave. N.E. Seattle, Wa. 98115	(form) Computer Tapes - Voters	7/29/78	\$711.18
U.S. Postmaster Issaquah, Wash.	(form) Postage	7/19/78	\$100.00
SUBTOTAL			\$7,320.38
TOTAL			\$7,320.38

79040133441

Committee Primary Account
 and Deposits in time period in question.

CHECK NO	DATE	CHECK ISSUED TO	IN PAYMENT OF	AMOUNT OF CHECK	✓	DATE OF DEPOSIT	AMOUNT OF DEPOSIT	BALANCE
BALANCE BROUGHT FORWARD →								
2		First Bennett Dep.				8/10	3000 -	
4						8/14	350 -	
4			Bennett -			8/18	1000 -	
3						8/19	235 40	
3			Bennett			8/14	100 -	
1			Bennett			8/18	1000 -	←
0						9/20	172 50	
4						8/21	100 -	
4						4/6	50 -	
0						9/12	1050 -	
1						9/14	63 25	
9						9/20	120 -	
						9/6	75 -	

HAGOTH
CORPORATION

ATTACHMENT VII

Hamilton

August 21, 1978

TO: ALL HAGOTH EMPLOYEES

FM: RICK BENNETT

RE: KEEPING HAGOTH AND MY POLITICAL CAMPAIGN
SEPARATE

Please keep separate records for any time or money you put into the campaign. For example, we used petty cash to mail (on the bus) some campaign literature for a county fair.

Corporations cannot make contributions to a campaign, so I will have to be billed by the company, as an individual, (or given the value as personal taxable compensation), at which point I can make an in-kind contribution to the campaign safely.

Please, therefore, submit all receipts in memo form, regarding time and money. This will keep me and the campaign out of trouble.

Thanks.

Rick Bennett

79040133443



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

Mr. P.V. Plastino
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Plastino:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that Hagoth Corporation violated 2 U.S.C. §441b. Therefore, on March 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Ave. S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bateman:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that the Rick Bennett for Congress Committee violated 2 U.S.C. §441b and 11 CFR §110.4(c)(2). Therefore, on March 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

Richard H. Bennett, Jr.
12350 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bennett:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that you violated 2 U.S.C. §441b and §441g. Therefore, on March 1979, the Commission voted to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

Ms. Ava Frisinger
12921 - 231 Ave., S.E.
Issaquah, WA 98027

Re: MUR 706(78)

Dear Ms. Frisinger:

This is in reference to your complaint filed with the Commission on 9 September 1978 in which you alleged that Mr. Richard Bennett, Jr., violated the Federal Election Campaign Act of 1971, as amended ("the Act") by using corporate funds to pay campaign expenses and accepting in-kind corporate contributions from Hagoth Corporation.

The Commission found reason to believe that Richard Bennett, the Rick Bennett for Congress Committee ("the Committee") and Hagoth Corporation had violated 2 U.S.C. §441b with regard to corporate funds which may have been used in Mr. Bennett's federal election campaign.

Based on the investigation then conducted, the Commission found no reasonable cause to believe that Mr. Bennett, the Committee and Hagoth Corporation violated §441b of the Act. Therefore, on March 1979, the Commission determined to close the file in this matter.

If additional information comes to your attention which you believe establishes a violation of the Act, please contact me. Further, should you have any questions regarding this matter, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel





FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE
FROM: MARJORIE W. EMMONS *mwe*
DATE: FEBRUARY 13, 1979
SUBJECT: MUR 706 - Interim Investigative Report
 dated 2-5-79; Signed by GC 2-8-79;
 Received in OCS 2-9-79, 12:32

The above-named document was circulated on a 24
hour no-objection basis at 10:30, Monday, February 12, 1979.

The Commission Secretary's Office has received
no objections to the Interim Investigative Report as of
12:00 this date.

79040133448

February 9, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 706

Please have the attached Interim Invest Report
on MUR 706 distributed to the Commission.

Thank you.

79040133449

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 FEB 9 12: 32
BEFORE THE FEDERAL ELECTION COMMISSION
February 5, 1979

In the Matter of)
Richard Bennett, Jr.)
Rick Bennett for Congress)
Hagoth Corporation)

MUR 706

INTERIM INVESTIGATIVE REPORT

79040133450
This matter concerns possible violations of 2 U.S.C.
§441b. Non-respondent witness Richard Hamilton just submitted
written responses to questions posed by the Commission and we
are analyzing the information.

A General Counsel's Report is presently being drafted
and will be submitted to the Commission upon its completion.

2/8/79
Date

William C. Oldaker
General Counsel

706 GCE 9110
January 18, 1979

Miriam Aguiar
General Counsel's Office
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

'79 JAN 23 PM 2:16

Dear Ms Aguiar:

900407

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79040133451

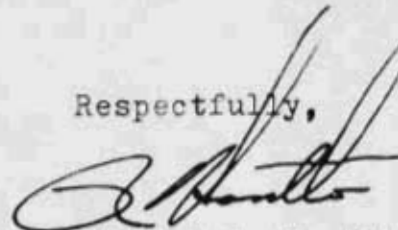
contact The Federal Election Commission in this matter -- and that the very first people to know about it were Kevin Kelley and Bruce Shelton. These contacts were made before anything came out in the papers.

The final comment that I would make -- and I don't mean to infringe on your particular area of expertise -- is relative to the question of intent. Bennett apparently obtained legal counsel almost immediately after this situation became publicly known. He stated at that time that, "I haven't filed the reports yet, so the only thing you can go on is intent -- and you can't prove it." Perhaps he is right. All that I can say is that the \$100 check from Howard Ruff did not show up on any reports (to the best of my knowledge) -- and that in the final analysis he did charge the campaign only \$1000 for the use of the computer. Beyond that, I was -- and am still -- absolutely convinced of what his intentions were. His handling of the petty cash and his initial, vehement refusal to invoice the campaign removed the last doubts that I had about his intentions.

But, the question as to the adequacy of my convictions relative to Bennetts's intentions is one that only you can answer.

Please let me know if you need more from me. And please let me know what the final outcome is. I am most interested.

Respectfully,



Richard A. Hamilton
12509 206 Place S.E.
Issaquah, Wash 98027

(206) 271-0641

79040133452

December 18, 1978

William C. Oldaker
General Counsel
Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

Dear Mr Oldaker:

This letter, the enclosed documents, and the enclosed cassette recording are in response to your letter of inquiry referenced MUR 7/6 (78) and dated November 9, 1978.

I would appreciate being advised of whatever final disposition is arrived at in this case.

Respectfully,

Richard A. Hamilton
12509 206 Place S.E.
Issaquah, Wa 98027

79040133453

5 August 1978

I have previously concluded, for a number of different reasons, that Richard Bennett, Jr. is in violation of federal election law in the following particulars:

1.) Either Richard Bennett has diverted campaign contributions to his personal use -- or, he is a liar.

- A. Bennett has stated to me and to others on repeated occasions that his first campaign contribution was a \$100 check from Howard Ruff (publisher of The Ruff Times Report).
- B. When asked about the check, to get it deposited into the campaign account and accounted for as required by law, Bennett always (except for the last time) answered that he had misplaced the check and couldn't find it.
- C. When Bennett was preparing to fill out his first FEC report, I told him that he must find the check and get it deposited. He answered that he couldn't because he had needed the money personally and that he had cashed it.
- D. I told him that he couldn't do that he couldn't do that sort of thing, that it was against the law, and that all contributions had to be deposited to the campaign account.
- E. Bennett responded that it wasn't really a campaign contribution -- that it was an honorarium for being on Ruff's show. When asked why he had told so many people that it was a contribution, Bennett explained that he told Ruff that he would endorse it over to the campaign -- and that Ruff said, "Fine."

(Federal Election law holds that a transaction is a political contribution if that is what the giver understands it to be.)

2.) Bennett has used the resources of Hagoth Corporation in support of his campaign -- even when the honest, straightforward alternative was possible.

- A. On the morning of August 18, Bennett started to send one of the Hagoth secretaries to the bus station with a carton of political materials. There was not enough Hagoth petty cash to cover the transaction. So, Bennett first sent her to the bank to cash a \$100 Hagoth check. She then had enough money to send the package.
- B. Later that same day Bennett wrote himself a \$1,000 check from the Hagoth account (identified as "movie expenses"). He in turn wrote a \$1,000 check to the campaign from his personal account.
- C. In the afternoon of the same day, I asked Bennett to start invoicing the campaign for the support that it was getting

79040133454

from Hagoth Corporation. Bennett refused claiming, "It is too much trouble."

- D. On Monday, August 21, 1978 Bennett claimed that there was no wrong-doing on his part and that what he really said on the previous Friday was that he wouldn't invoice the campaign on that particular day.

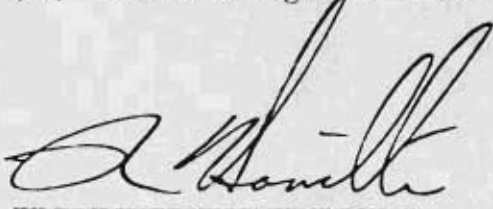
(On Monday, August 21, 1978, after Bennett had become aware of the ~~potential~~ potential problems that he faced as a consequence of his earlier disregard of campaign reporting requirements, he did write a memo to his employees advising them to begin to keep such records.)

- E. When asked on Monday about the machinations with the Hagoth petty cash and the package that was shipped out on the bus, there was a long pause before Bennett responded, "It had to get out."

- 3.) Bennett wrote a memo to record and to his bookkeeper on August 21. in that memo, he charged the campaign \$200 / month for the use of the Hagoth computer. The figure that he charged was for the use of one "port" or 1/16th of the computer. In actual practice, Bennett had utilized the computer on a totally dedicated basis for the campaign. The political demands on the computer were so great at times that Hagoth business could not be transacted. In short, the value of the time used in one month should have exceeded the total campaign charge of \$1,000.

- 4.) Bennett has known from the first that the FEC prohibits such actions.

- 5.) Bennett agreed from the first to "play it straight."



Richard A Hamilton

79040133455

HAGOTH
CORPORATION

Hamilton

August 21, 1978

TO: ALL HAGOTH EMPLOYEES

FM: RICK BENNETT

RE: KEEPING HAGOTH AND MY POLITICAL CAMPAIGN
SEPARATE

Please keep separate records for any time or money you put into the campaign. For example, we used petty cash to mail (on the bus) some campaign literature for a county fair.

Corporations cannot make contributions to a campaign, so I will have to be billed by the company, as an individual, (or given the value as personal taxable compensation), at which point I can make an in-kind contribution to the campaign safely.

Please, therefore, submit all receipts in memo form, regarding time and money. This will keep me and the campaign out of trouble.

Thanks.

Rick Bennett

6543310409

R. + HAMILTON
12509 206 PL S.E.
5
SSAQUAH, WA 98027

3
RETURN RECEIPT
REQUESTED

3

CERTIFIED

No. 122433

MAIL

ATTN:
MIRIAM
AGUIAR



1968 - 1978
10TH ANNIVERSARY
U.S. FAIR HOUSING LAW

MIRIAM AGUIAR

GENERAL COUNSEL'S OFFICE

FEDERAL ELECTION COMMISSION

1325 "K" ST N.W.

WASH. D.C. 20463



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO

CHARLES STEELE

FROM:

MARJORIE W. EMMONS

MORE

DATE:

JANUARY 4, 1979

SUBJECT:

MUR 706 - Interim Investigative Report
dated 12-20-78; Signed 12-26-78;
Received in OCS 1-2-79, 2:45

The above-named document was circulated on a 24
hour no-objection basis at 11:00, January 3, 1979.

The Commission Secretary's Office has received
no objections to the Interim Investigative Report as of
12:00, this date.

79040133458

January 2, 1978

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Carr
SUBJECT: MUR 706

Please have the attached Interim Investigative
Report on MUR 706 distributed to the Commission on
a 24 hour no-Objection basis.

Thank you.

79040133459

BEFORE THE FEDERAL ELECTION COMMISSION
December 20, 1978

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 JAN 2 P 2: 45

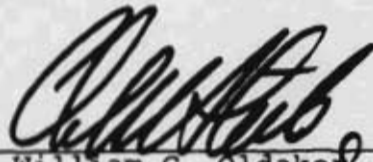
In the Matter of)
)
Richard H. Bennett, Jr.) MUR 706
Rick Bennett for Congress)
Hagoth Corporation)

INTERIM INVESTIGATIVE REPORT

This matter concerns possible violations of 2 U.S.C. §441b. Mr. Richard Bennett has now responded to questions mailed to him as past president of Hagoth Corporation. Mr. P.V. Plastino, the new president of Hagoth, also submitted a response, through his attorney to questions posed by the Commission.

To date, we have not received a response from Mr. Richard Hamilton. However, we were able to locate a phone number for Mr. Hamilton and have been in contact with him. In a conversation with Mr. Hamilton on 19 December 1978, he stated that he had completed his response to the Commission's questions and would place his response in the mails on that date. We are presently awaiting the receipt of Mr. Hamilton's response and will submit a full report to the Commission shortly.

26 December 1978
Date


William C. Oldaker
General Counsel

19040133460

GCC*
5904

LAW OFFICES
COLLIER & NETZKY

FILED
FEDERAL ELECTION
COMMISSION

307 OCCIDENTAL - SEATTLE, WASHINGTON 98104 - (206) 422-4556
DEC 18 AM 10:32

GERALD F. COLLIER
GERALD B. NETZKY
JOHN JAMES WATSON

December 12, 1978

808479

Federal Election Commission
1325 K Street NW
Washington, D.C. 20463

Attention William C. Oldaker
General Counsel

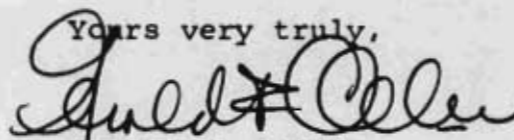
Re: MUR 706 (78)

Gentlemen:

This office represents the Hagoth Corporation
and hereby appears for said corporation.

In response to your letter to Mr. P. V. Plastino,
President of the Hagoth Corporation and the Federal Election
Commission's questionnaire attached to it, we are herewith
enclosing a response to the questions asked.

Yours very truly,


Gerald F. Collier
Attorney at Law

Enc.

79040133461

FEDERAL ELECTION COMMISSION

TO: Mr. P. V. Plastino
President, Hagoth Corporation

RE: MUR 706 (78)

QUESTIONS

I. When did you become President of Hagoth Corporation ("Hagoth")?

ANSWER: September 15, 1978

As President of Hagoth, are you entitled to the use of a corporate expense account?

ANSWER: Yes

If so, is it part of or in addition to your annual compensation?

ANSWER: In addition to.

Are you Hagoth's sole stockholder?

ANSWER: No

If not, list those individuals who held stock in Hagoth and the percentage held.

ANSWER: The answering party declines to answer this information feeling that it is personal and confidential, and not relevant to the Commission's investigation. No part of any of the capital stock of Hagoth Corporation is now, or has been since 9/15/78 owned or held by Rick Bennett or any other person who is or has been a candidate for public office, either municipal, state or federal.

II. What is your understanding of the corporate policy regarding personal use of the corporate computer?

ANSWER: There is no corporate computer. Hagoth Corporation does purchase computer time, and the corporate policy since September 15, 1978, the only policy matters of which the answering party has any knowledge, has been that the computer time purchased by the Hagoth Corporation is to be utilized solely and strictly for corporate business, and not for any personal use.

Has the policy changed subsequent to your designation as President of Hagoth?

ANSWER: I have no knowledge of what the Hagoth corporate policy was prior to my designation as President of Hagoth Corporation on September 15, 1978, which was the same date I acquired the controlling interest in the capital stock of the corporation.

III. Explain the operation of Hagoth's expense account.

ANSWER: The corporate expense account is principally for the purpose of reimbursing authorized employees for usual and necessary business expenses incurred by them in the performance of their employment duties for Hagoth. Occasionally funds are advanced for anticipated business expenses.

- (1) Did the operation of the expense account change when you became President of Hagoth?

ANSWER: I do not know what the operation of the expense account was prior to my becoming President and the principal stockholder of Hagoth on September 15, 1978.

- (2) Is the expense account part of or in addition to annual compensation?

ANSWER: In addition to annual compensation

- (3) Are any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?

ANSWER: Yes, only myself. If a check is drawn for anticipated expenses, and any part of it is used for expenses deemed not to be usual or ordinary business expenses, that portion of the advance is treated as personal compensation as opposed to payment of business expenses.

- (4) If so, is the compensation part of or in addition to annual salaries.

ANSWER: In addition to.

IV. During negotiations to purchase Hagoth from Mr. Bennett or at any other point in time, were you aware of allegations made regarding Mr. Bennett's use of Hagoth corporate expense checks for his political campaign?

ANSWER: Absolutely not.

V. Were you aware that Hagoth had installed a computer in Mr. Bennett's residence?

ANSWER: The only thing I knew was that Mr. Bennett had a computer located in his residence.

79040133463

FEDERAL ELECTION COMMISSION - 3

V. (Continued)

If so, what arrangements were made regarding this computer?

ANSWER: As part of the stock purchase and various related agreements of 9/15/78, no further payments on the lease of this computer were to be made by Hagoth Corporation and they have not been. It is a leased computer and Mr. Bennett assumed all responsibility for payments on the lease.

Does Hagoth still own and maintain the computer?

ANSWER: No. Hagoth, to my knowledge, has never owned a computer and has not maintained or leased any computer since September 15, 1978, when I became President and principal stockholder.

If so, state the maintenance cost.

ANSWER: Unknown

If not, state who owns the computer and who maintains it.

ANSWER: It is my belief that the computer is owned by EQUICO Leasing Company of Bellevue, Washington, and has been leased and maintained from that company by Rick Bennett.

If the computer has been sold, include a copy of the sale agreement.

ANSWER: Not applicable.

79040133464

LAW OFFICES

COLLIER & NETZKY

307 2ND FLO. SCIDENTAL SEATTLE, WASHINGTON 98104



11 09 AM

02

Federal Election Commission
1325 K Street NW
Washington, D.C. 20463

Attention William C. Oldaker
General Counsel

4
3
3
1
7
4
0
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3
1

FEC HARRASSMENT
OLDAKER, 12/7/78

RECEIVED
FEDERAL ELECTION
COMMISSION

December 7, 1978

'78 DEC 12 PM 1:56

Richard H. Bennett, Jr.
12350-206th Place S.E.
Issaquah, Washington 98027

808406

William C. Oldaker, General Counsel
Federal Election Commission
1325 K. Street N.W.
Washington, D.C. 20463

RE: YOUR INQUIRY DESIGNATED MUR 706(78)

Dear Mr. Oldaker,

79040133466
This is the third separate inquiry sent to me. All three were apparently drafted simultaneously. Could I suggest you get your act together? This is a perfect example of a bureaucracy justifying its own existence by generating work. If you have a complaint about the accuracy of my reports, then I suggest you tell me how you want them modified or re-written. The questions on this particular questionnaire are repetitive, foolish, and could be answered if you had taken the time to read my previous statements. Nevertheless, I will once more, answer your questions under oath. You had better be thankful I didn't win the election, because as a member of Congress I would not have rested until you were made personally responsible for the damages due to unnecessary harrassment. What in the hell would be wrong with your submitting just one set of questions? You could probably get by with a much smaller staff, I would guess. Ok, Bill Baby, here goes, once more with feeling:

I. My relationship with Hagoth Corporation:

A. I founded Hagoth Corporation in April of 1976, and sold my interest in Hagoth on September 15, 1978. My total wages for 1978 were \$74,959.30 and I took income whenever I damn well felt like it. I was not on an expense account per se, as the secretary kept a petty cash drawer which was used to maintain incidental office expenses. I have no access to those records, but they are maintained now by Hagoth Corporation for tax purposes, along with receipts.

- B. Other Hagoth officers while I was President were:
Patrick Hardee, Littleton, Colorado (303)771-0670.
Hardee was Vice president of engineering. Bruce
Rowe, Issaquah, Washington (206)226-3158. Bruce
Rowe was Vice President of Operations. Richard
Hamilton, Issaquah, Washington (206)271-0641 was
Vice President of Marketing. Ed Dittmar, Issa-
quah, Washington (206)392-7251 was Vice President
of Sales.

II. The August 24th newspaper report was correct, as I in-
dicated in a previous questioner, except that the checks
were not listed as expenses by our accountant, but were as-
signed to me as ordinary income and taxable as such. Hagoth
records can verify this fact. The Hagoth accountant in
charge of this was Mrs. Dorothy Moore and she can be re-
ached at Hagoth Corporation.

A. No expenses were transferred to the campaign, and
all campaign transfers were reported as personal dona-
tions by myself. The dates have been previously re-
ported.

B. The expense account question was answered in I.A.
I did not have an expense account as such. I was imme-
diately reimbursed from petty cash, and those records
are still with Hagoth Corporation.

C. Besides myself, Mr. Bruce Rowe was the only other
Hagoth employee who had check-signing authority.

D. No employee had any such rights, including myself.

III. A. Re the Hagoth Computer:

Since I was the sole stockholder in the company, no one
else had any role in the decision whatsoever (Boy, you
guys surely ask stupid questions). As for the agree-
ment, you have the only agreement, which was my inter-
nal memo dated August 21, 1978. The commercial fees
are in the memo.

B. Other persons given personal uncharged use of the
computer were Mr. David Vandeventer, 9523 240th Ave.
S.E., Issaquah, Washington 98027 phone (206)392-1941
and Mr. Larry Walker, 24856 Tiger Mountain Road, Issa-
quah, Washington 98027 phone (206)392-7765. Again, the
commercial fees charged for such use were in my inter-
nal memo. Mr. Vandeventer donated some time to ini-
tially set up the political computer data base, and he
freely donated that time to the campaign (he set a
limit of 6 hours per week). This was not reported, as

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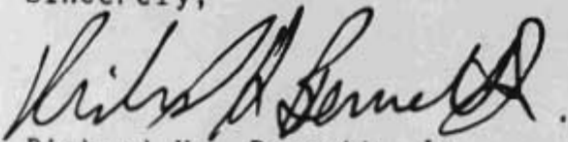
volunteer time need not be reported.

IV. As of September 15th Hagoth did not lease the computer. I personally leased the computer. Prior to September 15, the computer was leased by Hagoth. The monthly lease fee was \$936, and you will have to obtain the lease agreement from Hagoth.

V. I answered this question previously. Do your homework!

In summary, you people are getting on my nerves. I question your competence and I sincerely question your motives.

Sincerely,


Richard H. Bennett, Jr.

12/7/78

Helen L. Hovoy
Issaquah

79040133468

19040133469

R. BENNETT
12350 206th Place S.E.
Issaquah, Wash. 98027

DEC 12 PM 1:56

RETURN RECEIPT
REQUESTED



WILLIAM C. OLDAKER
GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
1325 K. STREET N.W.
WASHINGTON, D.C. 20463

Re: MUR 706(78)

645308 AQUARIUS
10/26

Re: MUR 706(78)

9040133470

TO FINANCE THE CAMPAIGN.

Questions to:
Donald Bateman, Treasurer
Rick Bennett for Congress

- 2 -

Re: MUR 706(78)

600#
5308

807278

D) How, if at all, have these loans been reported?
INCLUDED AS ITEM ONE IN SECTION A, PAGE 1 OF THE PRE-PRIMARY
FEC REPORT.

III. The Complaint alleges that on or about August 18, 1978, Mr. Bennett cashed a \$1,000 corporate expense check and transferred the funds to the campaign. What is your recollection of this \$1,000 transfer? Did the Committee receive any cash contributions (loans) from Mr. Bennett other than those referred to in Question II? If so, explain the purposes for which these funds were used. State also the date of each loan.

ALL COMMITTEE FUNDS FROM MR. BENNETT WERE BY PERSONAL CHECK FROM MR. BENNETT (SEE CHECK REGISTER). MR. BENNETT HAS NEVER MADE "CASH" TRANSACTIONS WITH RESPECT TO THE COMMITTEE OR THE CAMPAIGN!

IV. It is alleged that on or about August 18, 1978, Mr. Bennett used a \$100 corporate expense check to pay for shipping of campaign materials.

A) Do you have any knowledge of this? If so,

I HAVE NO KNOWLEDGE OF THIS, ALTHOUGH ONE BILL FROM HAGOTH IS ATTCHD.
B) Describe what coordination, if any, occurred between Mr. Bennett and the Committee and what Committee materials, if any, were involved.

THE BILL FROM HAGOTH IS ATTACHED, .

V. In your 10 day pre-primary report, on page 2, line 3, your entry for net expenditures is marked as "meaningless because of in-kind mix." (See attachment B). Further explain this statement.

WE MADE SOME MISTAKES IN FILLING OUT THE FEC REPORT, WHICH CONFUSED IN-KIND WITH ~~XXX~~ MONETARY ITEMS. WHILE ALL ITEMS WERE ACCURATELY REPORTED, WE ARE CURRENTLY IN THE PROCESS OF AMMENDING OUR FEC REPORTS IN ORDER TO MAKE OFFSETTING CORRECITONS TO THE IN-KIND ENTRIES, SO THE "BALANCE" ENTRY ON THE FEC REPORT ACCURATELY REELECTS THE CASH (MONEY) BALANCES. THUS, IT WAS OUR ERROR IN INTERPRETING THE WAY IN WHICH TO FILL OUT YOUR FORMS, WHICH WE HOPE YOU WILL BE ABLE TO ATTRIBUTE TO OUR INEXPERIENCE IN DEALING WITH SUCH REPORTS.

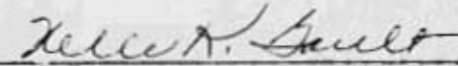
STATE OF WASHINGTON
COUNTY OF KING


Donald S. Bateman

On this day personally appeared before me, Donald S. Bateman, to me known to be the individual described in and who executed the within and foregoing instrument.

Given under my hand and official

seal this 23rd day of October 1978.


Notary Public in and for the State
of Washington, residing at Seattle

79040133471

Committee Primary Account
 all Deposits in time period in question.

CHECK NO.	DATE	CHECK ISSUED TO	IN PAYMENT OF	AMOUNT OF CHECK	✓	DATE OF DEPOSIT	AMOUNT OF DEPOSIT	BALANCE
79040133472								
		FIRST Bennett Op				7/5	3000 -	
						7/4	350 -	
			Bennett			7/8	1000 -	
						8/1	235 40	
			Bennett			8/14	100 -	
			Bennett			8/18	1000 -	
						8/28	172 50	
						8/29	100 -	
						9/6	50 -	
						9/12	1050 -	
						9/14	63 25	
						9/28	120 -	
						9/6	75 -	

HAGOTH CORPORATION

TO : Dorothy Mora

FROM: Sandra Caddenhead

RE: BENNETT FOR CONGRESS CAMPAIGN EXPENSES

Dorothy: here is a list of incurred expenses to turn over to Rick regarding expenses.

- | | |
|---|-------|
| 1. Receipt for certified Mail | 3.40 |
| Receipt for certified Mail | 3.40 |
| 8/16/78 | |
| 2. Grayhound Bus Bill | 3.35 |
| 8/16/78 | |
| 3. Usage of xerox machine for | |
| press releases: 550 copies @ 40 per hr | 22.00 |
| 8/1/78 or thereabouts | |
| 4. Usage of xerox machine for | |
| one saturday about 8/9/78 | 20.00 |
| 500 copies | |
| 5. My time spent July 24 typing | |
| letters 8 hours @ Apprx. \$6.00 hr. | 24.00 |
| 6. Phone bills will be review by Bfor C Committee | |
| and submitted to Hagoth. | |

Otherwise I know of no outstanding expenses to Hagoth.

Thanks , Sandy

Sandy

79040133473

Donald S. Bateman
590 S.E. Kramer Pl.
Issaquah, WA 98027



NOV 06 1978 2:40

Mr. William Oldaker
Federal Election Commission
1325 "K" St. N.W.
Washington, D.C. 20463

92040133



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE
FROM: MARJORIE W. EMMONS
DATE: DECEMBER 1, 1978
SUBJECT: MUR 706 - Interim Investigative Report
 dated 11-24-78; Signed 11-28-78;
 Received in OCS: 11-29-78, 3:09

The above-named document was circulated on a 24
hour no-objection basis at 1:00, November 30, 1978.

The Commission Secretary's Office has received
no objections to the Interim Investigative Report as
of 2:00 this date.

79040133475

November 29, 1978

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Carr
SUBJECT: MUR 706

Please have the attached Interim Report report
on MUR 706 distributed to the Commission on a 24 hour
no-objection basis.

Thank you.

79040133476

BEFORE THE FEDERAL ELECTION COMMISSION
November 24, 1978

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

78 NOV 29 P 3: 09

In the Matter of)
)
Richard H. Bennett, Jr.) MUR 706
Rick Bennett for Congress)
Hagoth Corporation)

INTERIM INVESTIGATIVE REPORT

79040133477
This matter concerns possible violations of 2 U.S.C. §441b. Two of the respondents, Richard Bennett and Donald Bateman for the Rick Bennett for Congress Committee have submitted responses to questions posed by the Commission. Mr. Bennett refused to answer questions addressed to him as president of Hagoth Corporation as he no longer serves in that position. Therefore, the original letter and questions were redrafted and mailed to Mr. Bennett on 16 November 1978 as past president of Hagoth. An additional letter and questions were mailed to Mr. P.V. Plastino, as the new president of Hagoth on 16 November 1978.

The original letter sent to Richard Hamilton may not have been sent certified and we have received no response from him and cannot reach him by phone. On 9 November 1978, we remailed a certified letter to him.

As answers to questions posed to Mr. Bennett as past president of Hagoth, Mr. Plastino as president of Hagoth and Mr. Hamilton are relevant to the allegations and issues raised in this matter, we are awaiting these responses and shall submit a

full report to the Commission when they have been received
and analyzed.

11/18/78
Date

William C. Oldaker
General Counsel

79040133478



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

November 15, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. P. V. Plastino
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, Washington 98027

Re: MUR 706 (78)

Dear Mr. Plastino:

The Federal Election Commission has received a complaint which alleges that the Hagoth Corporation ("Hagoth") committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has found reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that Hagoth made monetary and in-kind contributions to Mr. Richard Bennett and his principal campaign committee, the Rick Bennett for Congress Committee in violation of §441b(a) of the Act.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

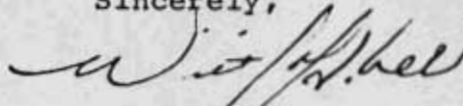
79040133472

If you have any questions, please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4160.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,



William C. Oldaker
General Counsel

Enclosure

7 9 0 4 0 1 3 3 4 8 0

Aguiar *MUR 706*

● SENDER: Complete items 1, 2 and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one): ☐ Show to whom and date delivered. ☒ Show to whom, date, and address of delivery. ☐ RESTRICTED DELIVERY ☐ Show to whom and date delivered. ☐ RESTRICTED DELIVERY ☐ Show to whom, date, and address of delivery. \$ (CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO <i>Mr. P. V. Maslone</i> <i>President Houghton Corp.</i> <i>85 N.W. Alder Place</i> <i>Issaquah, WA 98027</i>	
3. ARTICLE DESCRIPTION: REGISTERED NO. <i>438116</i>	CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE ☐ Addressee ☐ Authorized agent <i>Paul L. Lubow</i>	
DATE OF DELIVERY	
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS <i>DD</i>	

POSTMARK
NOV 20 1978

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO 1977-0-248-566

FEDERAL ELECTION COMMISSION

TO: Mr. P. V. Plastino
President, Hagoth Corporation

Re: MUR 706 (78)

QUESTIONS

- I. When did you become President of Hagoth Corporation ("Hagoth")? As President of Hagoth, are you entitled to the use of a corporate expense account? If so, is it part of or in addition to your annual compensation? Are you Hagoth's sole stockholder? If not, list those individuals who hold stock in Hagoth and the percentage held.
- II. What is your understanding of the corporate policy regarding personal use of the corporate computer? Has the policy changed subsequent to your designation as President of Hagoth?
- III. Explain the operation of Hagoth's expense account.
- (1) Did the operation of the expense account change when you became President of Hagoth?
- (2) Is the expense account part of or in addition to annual compensation?
- (3) Are any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?
- (4) If so, is the compensation part of or in addition to annual salaries.
- IV. During negotiations to purchase Hagoth from Mr. Bennett or at any other point in time, were you aware of allegations made regarding Mr. Bennett's use of Hagoth corporate expense checks for his political campaign?

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MUR 706 (78)
P. V. Plastino

-2-

- V. Were you aware that Hagoth had installed a computer in Mr. Bennett's residence? If so, what arrangements were made regarding this computer? Does Hagoth still own and maintain the computer? If so, state the maintenance cost. If not, state who owns the computer and who maintains it. If the computer has been sold, include a copy of the sale agreement.

79040133482



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

November 15, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett
12350 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Bennett:

You were notified on 14 October 1978 that the Federal Election Commission, pursuant to a complaint filed against you, had found reason to believe that your principal campaign committee, the Rick Bennett for Congress Committee, violated 2 U.S.C. §441b in connection with the acceptance of monetary and in-kind contributions allegedly received from the Hagoth Corporation.

You were also notified that under the Federal Election Campaign Act of 1971, as amended, you had the opportunity to demonstrate that no action should be taken against you. The Commission received your response to the complaint on 24 October 1978.

In addition to questions sent to you at your residence, a separate set of questions were sent to you as President of Hagoth Corporation at the corporate address. While you have stated that you are no longer connected with Hagoth, these questions are pertinent to the final determination of this matter and the Commission requests that you submit answers to them. (See attachment) Where appropriate, statements should be submitted under oath.

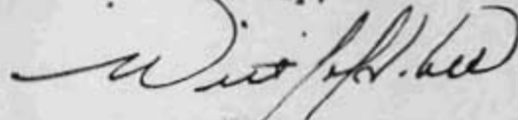
7 9 0 4 0 1 3 3 4 8 3

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact Miriam Aguiar, the staff member assigned to this matter, at 202-523-4160.

This matter will remain confidential in accordance with 2 U.S.C. §437g(a) (3) (B) unless you notify the Commission in writing that you wish the investigation to be made public.

Sincerely,



William C. Oldaker
General Counsel

Enclosures

7 9 0 4 0 1 3 3 4 8 4

Aguiar **MUR-706(78)**

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.	
1. The following service is requested (check one). ☐ Show to whom and date delivered. ☒ Show to whom, date, and address of delivery. ☐ RESTRICTED DELIVERY ☐ Show to whom and date delivered. ☐ RESTRICTED DELIVERY ☐ Show to whom, date, and address of delivery. \$ (CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO Mr. Richard A. Bennett 12350 - 206th Pl. S.E. Issaquah, WA 98027	
3. ARTICLE DESCRIPTION: REGISTERED NO. 437117	CERTIFIED NO. 437117 INSURED NO.
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE ☒ Addressee ☐ Authorized agent [Signature]	
4. DATE OF DELIVERY	POST OFFICE ISSAQUAH, WA
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE	

FEDERAL ELECTION COMMISSION

TO: Mr. Richard Bennett
Former President, Hagoth Corporation

Re: MUR 706 (78)

QUESTIONS

I. Describe your relationship with Hagoth Corporation (Hagoth).

A) How long were you an owner or stockholder of Hagoth? What was your salary, dividends on stock ownership or other financial drawing privileges, if any, and how often did you receive such payments? For the period July 1977 to the present, please state the amounts you drew in expenses each month, and state the purposes for which these funds were drawn.

B) List the names and addresses of other Hagoth officers while you were associated with Hagoth.

II. The August 24, 1978 issue of the Bellevue Daily Journal American reports you as saying that some Hagoth employees were upset that you were transferring corporate money to the campaign, so you listed the \$1,000 check as expense payment, that way, (the) employees wouldn't know the money was actually going to the campaign. Is this statement substantially correct?

A) What corporate checks, if any, other than the \$1,000 check referred to in the article, were listed as expenses and transferred to your campaign? State the dates and amounts of these checks.

7 9 0 4 0 1 3 3 4 8 5

B) [i] In connection with your association with Hagoth, did you have an expense account?

[ii] Was the expense account part of or in addition to your annual compensation?

[iii] How long did you have this account?

[iv] What were the terms and conditions of its use?

[v] Was the expense account subject to any limitations as to the annual amount withdrawn for personal expenses?

C) Who had the power in Hagoth to authorize and sign expense account checks?

D) [i] Other than yourself, were any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?

[ii] If so, was the compensation part of or in addition to annual salaries?

[iii] Was there a maximum amount which could be drawn from the expense account for personal use or compensation?

III. A) A Hagoth internal memo dated August 21, 1978 attached to your 10 day pre-primary reports stated that Hagoth permitted you use of the corporate computer for campaign purposes. (see attachment A).

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[i] Did you participate in the decision to lease the computer for this purpose? If so, explain your role in this matter.

[ii] Describe the terms and conditions of the use agreement, the amount paid for computer time and the amount of use involved. Submit copies of the agreement.

B) The memo also refers to other persons permitted use of Hagoth's computer for personal projects.

[i] Submit the names, addresses and occupations of individuals permitted to use Hagoth's computer within the last 2 years prior to the sale of Hagoth.

[ii] Include the commercial hourly, weekly, or monthly fee charge by the corporation for such use.

[iii] State whether use of the computer required the presence of corporate employees to initially process the information and operate the computer. If so, did the commercial fee include compensation of these employees.

IV. The complaint alleged that Hagoth leased the computers. Is this correct? Explain.

A) If the allegation is correct, what was the annual corporate cost for use of the computer while you were associated with Hagoth? What were the terms and conditions of the lease agreement? Submit a copy of the agreement and documents indicating the annual fee paid.

V. The August 24, 1978 Journal American reports that you cashed a Hagoth corporate expense check for \$100, used part of the money to pay for campaign shipments and deposited the rest into Hagoth's petty cash fund. Is this allegation correct? What corporate expense checks, if any, were cashed by you and used to pay campaign costs? List the dates and amounts of these checks.

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MUR 706 (78)
Richard Bennett

- 4 -

- A) Describe the operation of Hagoth's petty cash fund while you were associated with the corporation.
- B) Who in Hagoth had authority over the petty cash fund?
- C) Were transfers and deposits to the fund recorded, along with the name or initials of each depositor? If so, submit copies of entries for June through September of 1978.

79040133488



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

MEMORANDUM TO CHARLES STEELE
FROM: MARJORIE W. EMMONS *MJE*
DATE: NOVEMBER 1, 1978
SUBJECT: MUR 706 - Interim Report dated 10-26-78
Signed: 10-27-78
Received in OCS: 10-30-78, 1:21

The above-named document was circulated on a 24 hour no-objection basis at 4:00, October 31, 1978.

The Commission Secretary's Office has received no objections to the Interim Report as of 4:30 this date.

79040133489

October 30, 1978

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 706

Please have the attached Interim Report on MUR 706
distributed to the Commission.

Thank you.

79040133490

BEFORE THE FEDERAL ELECTION COMMISSION
October 26, 1978

RECEIVED
OFFICE OF THE
CLERK OF THE
COMMISSION

78 OCT 30 P 1: 21

In the Matter of)
Richard H. Bennett, Jr.)
Rick Bennett for Congress)
Hagoth Corporation)

MUR 706

INTERIM REPORT

This matter concerns possible violations of 2 U.S.C. §441b. The period within which respondents must respond to questions posed by the Commission has not yet lapsed. We have received a response from one respondent and are awaiting the other responses. When they have been received and analyzed, we shall submit a full report to the Commission.

10/27/78
Date

William C. Oldaker

William C. Oldaker
General Counsel

19040133491

600#
5274

RECEIVED
FEDERAL ELECTION
COMMISSION

October 20, 1978

William C. Oldaker, General Counsel
Federal Election Commission
1325 K. Street N.W.
Washington, D. C. 20463

'78 OCT 24 PM 1:55

807229

RE: MUR 706 - ASSIGNED TO MIRIAM AGUIAR

Dear Mr. Oldaker,

Pursuant to the above-referenced complaint, herein is my notarized and sworn affidavit. I don't believe I will enlist the aid of legal counsel at this time, as the questions you raise can be attributed to both your mis-reading of my FEC reports as well as a bit of old fashioned political harrassment by the local Democrats. Following, therefore, are my sworn answers to your questions:

I. The August 26, 1978 report indicates I have a computer in my home. That is correct. What, if any, use I will make of the computer is a closely guarded secret and is not relevant to your inquiries.

A. I have had the computer in my home for approximately nine months.

B. Until September 15, 1978 the computer was leased by Hagoth Corporation, of which I was the sole stockholder. On September 15, 1978 I sold my interest and stock in Hagoth Corporation. Part of the buy-out agreement transferred the rights in the computer to me personally. We are now in the process of transferring that lease document to me. Since the sale of my company, I have assumed the full liability and financial responsibility for the computer. With the field service maintenance agreement, the total lease obligation amounts to approximately \$2000 per month.

II. A) The \$12,000 referred to in the article was an off-the-wall guess, as we had not yet completed my FEC reports. The \$10,914.14 was indeed the correct amount.

B) There are no "Hagoth in-kind contributions". Hagoth billable items appear as items 7 and 8 on page 3 of my personal FEC statement, and as item one of page 3 of the same statment, form B. In all cases, I took this as income from Hagoth Corporation, to appear on my W-2 statement as ordinary income.

III. Concerning the aggregate \$5100 "cash" referred to in this item, there was no cash transfer. I used the

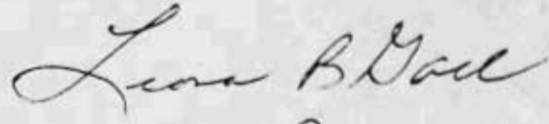
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term "cash" to differentiate these contributions from "in kind" contributions. These were checks, written to the campaign account and deposited accordingly. These are summarized as item one, page 1 of form A included in the committee FEC report of the same date.

In summary, I might point out the newspaper article was written before the report closing date, and were there any irregularities in our methods of accounting, you can't think us so stupid as to let such irregularities go uncorrected. The true fact is, my campaign manager and I had some personal differences which erupted in such a way as to attract press attention. Were the allegations made to have any substance, I can assure you Mr. Hamilton would have filed a formal complaint. But as is now the case, both Mr. Hamilton and myself recognize the personal nature of our conflict. The charges are indeed without substance, and I trust you will reach the same conclusion after a careful review of the facts.

Sincerely,


Rick Bennett
Candidate for Congress


Notary Public

79040133493

2040133494

Rick

BENNETT

4221 228 Avenue S.E., Issaquah, Washington,
98026 (206)392-5314

CERTIFIED

No. 579125

MAIL

RETURN RECEIPT
REQUESTED

William C. Oldaker, Gen. Counsel
Federal Elections Commission
1325 K. Street N.W.
Washington, D.C. 20463



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Avenue, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bateman:

The Federal Election Commission has received a complaint which alleges your committee committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that your committee may have accepted corporate funds and in-kind corporate contributions from the Hagorth Corporation, in violation of §441b(a) of the Act.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that your Committee violated Section 110.4(c)(2) of the Commission's Regulations. Specifically, it appears that the Committee, on or about July 21 and on August 8 and 16, 1978, accepted and retained a total of \$5,100 in cash loans from the candidate. In this regard, a copy of the relevant page from the candidate's report is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

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The Commission is under a duty to investigate this matter expeditiously. Therefore your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact, Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a) (3) (B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
William C. Oldaker
General Counsel

Enclosures

PS Form 3811, Apr 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Aguiar

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):
☐ Show to whom and date delivered.
☒ Show to whom, date, and address of delivery.
☐ RESTRICTED DELIVERY Show to whom and date delivered.
☐ RESTRICTED DELIVERY Show to whom, date, and address of delivery.
 (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Donald S. Brateman
Member, 1st Senate for Congress
4221 22nd Ave SE
Islandia, WA 98027

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
943531

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Heidi Olson

4. DATE OF DELIVERY
10/14/78

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS
RE

POSTMARK
 1978
 10/14

79040133496

FEDERAL ELECTION COMMISSION

TO: Mr. Donald Bateman, Treasurer
Rick Bennett for Congress

Re: MUR 706(78)

QUESTIONS

- I. Reports filed by your Committee and the candidate Richard Bennett indicate that the Committee received in-kind and direct loans from candidate Richard Bennett in the aggregate amount of \$10,914.14. This included a \$1,000 expenditure on August 21, 1978 to Hagoth Corporation for 5 months of computer time.
- A) To your knowledge, were Hagoth employees required to operate the computer?
 - B) If so, did the \$1,000 fee include compensation for these employees?
 - C) Were any members of your Committee involved in this transaction? If so, identify them.
 - D) Explain the terms and conditions of the computer use agreement. Provide copies of any written agreement with the Committee made for this usage.
- II. Reports submitted by Mr. Bennett disclose "cash" contributions (loans) to your Committee in the aggregate amount of \$5,100 (see attached report),
- A) In what form were these amounts received, i.e. bank check, draft, etc.?
 - B) When were these amounts received and used by the Committee? Provide material in support of your answer.
 - C) Detail the purpose of these loans.

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D) How, if at all, have these loans been reported?

III. The Complaint alleges that on or about August 18, 1978, Mr. Bennett cashed a \$1,000 corporate expense check and transferred the funds to the campaign. What is your recollection of this \$1,000 transfer? Did the Committee receive any cash contributions (loans) from Mr. Bennett other than those referred to in Question II? If so, explain the purposes for which these funds were used. State also the date of each loan.

IV. It is alleged that on or about August 18, 1978, Mr. Bennett used a \$100 corporate expense check to pay for shipping of campaign materials.

A) Do you have any knowledge of this? If so,

B) Describe what coordination, if any, occurred between Mr. Bennett and the Committee and what Committee materials, if any, were involved.

V. In your 10 day pre-primary report, on page 2, line 3, your entry for net expenditures is marked as "meaningless because of in-kind mix." (See attachment B). Further explain this statement.

19040133498

Report: Attachment A.

**SCHEDULE D
REVISED**

January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Concerning, Transfers Out, Contributions in Kind,
Loans, Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c
OFFEC FORM 3

Page 1 of 3 for
Line Number 21

(Use Separate Schedules for
each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full			
Richard H. (Rick) Bennett, Jr., <u>Candidate</u>			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Rick Bennett for Congress 4221-228th Ave S.E. Issaquah, Wash. 98027	<u>Loans</u> <u>Cash</u>	7/21/78	\$100 ⁰⁰
Expenditure for ☐ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	<u>Loans</u> <u>Cash</u>	7/21/78	\$3000 ⁰⁰
Expenditure for ☐ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/8/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/16/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
S. J. Guzzetta Campaign Mgmt. Associates. Box 72207 Tampa, Fla. 33682	(loan) <u>Consulting</u>	7/21/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Providence Hrs. Conf. Ctr. 4221-228th Ave. S.E. Issaquah, Wash. 98027	(loan) <u>OFFICE RENT - HQ.</u>	7/13/78	\$409 ³⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Post Marketing Corp. 7120 Woodlawn Ave. N.E. Seattle, Wa. 98115	(loan) <u>Computer tapes - Voters</u>	7/20/78	\$711.18
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
U.S. Postmaster Issaquah, WASH.	(loan) <u>Postage</u>	7/19/78	\$100 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
SUBTOTAL (Expenditures on this line)			\$7,320.38
TOTAL (Expenditures on this line)			\$7,320.38

79040133499

DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

Attachment B

NAME OF CANDIDATE OR COMMITTEE		REPORT COVERING THE PERIOD	
Rick Bennett for Congress		FROM: 7/13/78	TO: 9/4/78
RECEIPTS		Column A This Period	Column B Calendar Year To Date
14. Contributions from individuals (including contributions in kind)			
(a) Itemized (use Schedule A)		\$ 757.50	
(b) Unitemized			
(c) Sales and collections included above			
List by event on memo Schedule D-15			
(d) Subtotal of contributions from individuals		\$ 757.50	\$ 757.50
15. Transfers from Political Committees			
(a) Funds from affiliated authorized committee (itemize on Schedule A regardless of amount)		\$ 0	
(b) Funds from other committees (itemize on Schedule A regardless of amount)			
(c) Contributions in-kind from political committees (itemize on Schedule A regardless of amount)			
(d) Subtotal of transfers in and contributions in-kind from political committees		\$ 0	\$ 0
16. Other Income			
(a) Itemized (use Schedule A)		\$ 0	
(b) Unitemized			
(c) Subtotal of other income		\$ 0	\$ 0
17. Loans and Loan Repayments Received			
(a) Itemized (use Schedule A)		\$ 10,914.14	
(b) Unitemized			
(c) Subtotal of loans and loan repayments received		\$ 10,914.14	\$ 10,914.14
18. Refunds, Rebates, Returns of Deposits			
(a) Itemized (use Schedule A)		\$ 0	
(b) Unitemized			
(c) Subtotal of refunds, rebates, returns of deposits		\$ 0	\$ 0
19. Total Receipts		\$ 11,771.64	\$ 11,771.64
EXPENDITURES			
20. Operating Expenditures			
(a) Itemized (use Schedule B)		\$ 6,172.85	
(b) Unitemized			
(c) Subtotal of operating expenditures		\$ 6,172.85	\$ 6,172.85
21. Loans, Loan Repayments, and Contribution Refunds Made			
(a) Itemized (use Schedule B)		\$ 0	
(b) Unitemized			
(c) Subtotal of loans and loan repayments made and contribution refunds		\$ 0	\$ 0
22. Transfers Out to Political Committees			
(a) To affiliated/authorized committee (itemize on Schedule B regardless of amount)		\$ 0	
(b) To other committees (itemize on Schedule B regardless of amount)			
(c) Contributions in-kind to other committees (itemize on Schedule B regardless of amount)			
(d) Subtotal of transfers out		\$ 0	\$ 0
23. Independent Expenditures (use Schedule E)		\$ 0	\$ 0
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 641a(d)) (itemize on Schedule F)		\$ 0	\$ 0
25. Total Expenditures		\$ 6,172.85	\$ 6,172.85
NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES			
26. Total Receipts (from line 19)		\$ 11,771.64	
27. Transfers In (from line 15(d))		\$ 0	
28. Net Receipts (Subtract line 27 from line 26)		\$ 11,771.64	
29. Total Expenditures (from line 25)		\$ 6,172.85	
30. Transfers Out (from line 22(d))		\$ 0	
31. Net Expenditures (Subtract line 30 from line 29)		\$ 6,172.85	

because of in-kind gifts!

79040133500

CONGRESSIONAL
REVENUE
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20543

ITEMIZED EXPENDITURES
(Operating, Transfers Out, Contributions In-Kind,
Loans, Loan Repayments and Refunds Made)
Supporting Lines 20b, 21a, and 22a, 22b, and 22c
of FEC FORM 3

Page 3 of 3 for
Line Number 21
File Separate Schedule for
each fund-raising event

Name of Candidate or Committee in Full			
Richard H. (Rick) Bennett, Jr. Candidate			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Rick Bennett for Congress 4221-229th Ave. S.E. Issaquah, Wash. 98027	In-Kind 5-months Computer Time	8/21/78	\$1000.00
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Same ↑	In-Kind Travel Expenses	8/24/78	61.19
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Same ↑	In-Kind Travel (loan) Honiolo to Honolulu	8/26/78	21.00
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Same ↑	WASH. D.C. Combine (loan) Business w. Party Luncheon	8/14/78	6.00
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Same ↑	In-Kind (loan) (mileage 700.00)	8/29/78	7.00
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Same ↑	In-Kind (loan) (Honiolo to Honolulu)	9/2/78	21.00
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Expenditure for ☐ Primary ☐ General ☐ Other			
TOTAL			\$1116.19
TOTAL			\$10,514.14

79040133501



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett, Jr.
12350 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges you committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that you may have used \$12,000 in corporate funds for political campaign expenditures and accepted in-kind contributions from the Hagoth Corporation.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that you violated Section 441g of the Act. Specifically, it appears from your reports that on July 21, and on August 8 and 16, 1978, you loaned a total of \$5,100 in cash to your Committee.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

79040133502

If you have any questions, please contact, Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Wm. L. Baker

Enclosures

PS Form 3811, Apr 1977

SENDER: Complete Items 1, 2, and 3
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):

☐ Show to whom and date delivered: _____

☒ Show to whom, date, and address of delivery: _____

☐ RESTRICTED DELIVERY
Show to whom and date delivered: _____

☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery \$ _____
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Richard H. Bennett, Jr.
10350 - 206th Place, S.E.
Issaquah, WA 98027

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943532	

4. Always obtain signature of addressee or agent)

I have received the article described above:
SIGNATURE: ☐ Addressee ☐ Authorized agent
Mett Bennett

DATE OF DELIVERY: 10-14-78

POSTMARK: 1978

5. ADDRESS: Complete only if you want to return to sender.
12350 - 206th Place, S.E.
Issaquah, WA 98027

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS: [Signature]

TO: Mr. Richard Benne
MUR 706

FEDERAL ELECTION COMMISSION

QUESTIONS

I. The August 26, 1978 issue of the Daily Journal American reports you hinting that you would use a computer in your home for a massive, last minute direct mailing. Is this substantially correct?

A) If so, how long have you had the computer installed in your home?

B) [i] Do you lease the computer?

[ii] If so, from whom?

[iii] Submit copies of the lease agreement.

[iv] What are the terms and conditions of the lease?

[v] If you do not lease the computer, state how you obtained the computer and the purposes of its use.

II. A) The August 26, 1978 article further reports you as saying that your personal contribution, including Hagoth in-kind contributions billed to yourself, totals approximately \$12,000. Is this correct?

Your 10 day pre-primary reports submitted to the Commission disclose an aggregate \$10,914.14 loan to your campaign committee.

79040133504

[i] Where is the \$1,085.86 difference reported?

[ii] How were these additional contributions made?

B) Further explain the Hagoth in-kind contributions billed to you. How were they billed to you? Where are they reported? When were they made?

III. Your 10 day pre-primary reports disclose an aggregate \$5,100 in cash contributions (loans) made by you to your committee. (See attachment A).

A) Where did the funds for these loans originate?

B) To whom on the Committee did you give these funds?

C) Detail the purposes for which these funds were used.

79040133505

Report: Attachment A.

SCHEDULE D

REVISED

January, 1978

Federal Election Commission

1325 K Street, N.W.

Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Including Transfers Out, Contributions in Kind,
Loans, Loan Repayments and Refunds Made)Supporting Lines 20a, 21a, and 22a, 22b, and 22c
of FEC FORM 3Page 1 of 3 for
Line Number 21(Use Separate Schedules for
each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full

Richard H. (Rick) Bennett, Jr., Candidate

Full Name, Mailing Address and ZIP Code

Rick Bennett for Congress
4221-228th Ave S.E.
Issaquah, Wash. 98027

Particulars of Expenditure

Loans
Cash ~~Expenditure~~Date (month,
day, year)

7/21/78

Amount of each expendi-
ture this period\$100⁰⁰

Expenditure for

☐ Primary ☒ General ☐ Other

Full Name, Mailing Address and ZIP Code

same ↑

Particulars of Expenditure

Loans
Cash ~~Expenditure~~Date (month,
day, year)

7/21/78

Amount of each expendi-
ture this period\$3000⁰⁰

Expenditure for

☐ Primary ☒ General ☐ Other

Full Name, Mailing Address and ZIP Code

same ↑

Particulars of Expenditure

same

Date (month,
day, year)

8/8/78

Amount of each expendi-
ture this period\$1000⁰⁰

Expenditure for

☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

same ↑

Particulars of Expenditure

same

Date (month,
day, year)

8/16/78

Amount of each expendi-
ture this period\$1000⁰⁰

Expenditure for

☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

S. J. Guzzetta
Campaign Mgmt. Associates.
Box 82207
Tampa, Fla. 33682

Particulars of Expenditure

(form)
ConsultingDate (month,
day, year)

7/21/78

Amount of each expendi-
ture this period\$1000⁰⁰

Expenditure for

☒ Primary ☒ General ☐ Other

Full Name, Mailing Address and ZIP Code

Providence Hrs. Conf. Ctr.
4221-228th Ave. S.E.
Issaquah, Wash. 98027

Particulars of Expenditure

(form)
OFFICE RENT - HQ.Date (month,
day, year)

7/13/78

Amount of each expendi-
ture this period\$409⁰⁰

Expenditure for

☐ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

Post Marketing Corp.
7120 Woodman Ave. N.E.
Seattle, Wa. 98115

Particulars of Expenditure

(form)
Computer tabs - VotersDate (month,
day, year)

7/20/78

Amount of each expendi-
ture this period

\$711.18

Expenditure for

☐ Primary ☒ General ☐ Other

Full Name, Mailing Address and ZIP Code

U.S. Postmaster
Issaquah, WASH.

Particulars of Expenditure

(form)
PostageDate (month,
day, year)

7/19/78

Amount of each expendi-
ture this period\$100⁰⁰

Expenditure for

☒ Primary ☐ General ☐ Other

SUBTOTAL (Include entries in Schedule D, optional)

\$7,320.38

TOTAL (Include entries in Schedule D, optional)

\$7,320.38

19040133506



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

October 6, 1978

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges Hagoth Corporation ("Hagoth") committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state violations of 2 U.S.C. §441b. Specifically, it appears that Hagoth made monetary and in-kind contributions to you as a candidate, and to your campaign committee, Rick Bennett for Congress, in violation of §441b(a) of the Act.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

79040133507

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a) (3) (B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
William C. Oldaker
General Counsel

Enclosures

79040133508

Agumic 706

8 FEB 28 1977 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3.
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
☐ Show to whom and date delivered
☒ Show to whom, date, and address of delivery
☐ RESTRICTED DELIVERY
Show to whom and date delivered
☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery.
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Richard H. Bennett
Houghton Corporation, President
85 N.W. Alder Place
Issaquah, WA 98027

3. ARTICLE DESCRIPTION:
REGISTERED NO. 943517
CERTIFIED NO.
INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Lee Ann Liddell

DATE OF DELIVERY

5. ADDRESS (Complete only if requested)
150 E. Sunset
Issaquah, WA 98027

6. UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

POST OFFICE
ISSAQUAH, WA
FEB 28 1977

☆GPO 1977-0-248-098

FEDERAL ELECTION COMMISSION

TO: Mr. Richard Bennett
President, Hagoth Corporation

Re: MUR 706 (78)

QUESTIONS

I. Describe your relationship with Hagoth Corporation (Hagoth).

A) Are you a Hagoth officer or stockholder? If so, state the amount of stock you hold and your percentage of ownership in the Corporation and your office. How long have you been an owner or stockholder of Hagoth? What has been your salary, dividends on stock ownership or other financial drawing privileges, if any, and how often have you received such payments? For the period July 1977 to the present, please state the amounts you drew in expenses each month, and state the purposes for which these funds were drawn.

B) List the names and addresses of other Hagoth stockholders and officers.

79040133509
II. The August 24, 1978 issue of the Bellevue Daily Journal American reports you as saying that some Hagoth employees were upset that you were transferring corporate money to the campaign, so you listed the \$1,000 check as expense payment, that way, (the) employees wouldn't know the money was actually going to the campaign. Is this statement substantially correct?

A) What corporate checks, if any, other than the \$1,000 check referred to in the article, were listed as expenses and transferred to your campaign? State the dates and amounts of these checks.

- B) [i] In connection with your association with Hagoth, do you have an expense account?

[ii] Is the expense account part of or in addition to your annual compensation?

[iii] How long have you had this account?

[iv] What are the terms and conditions of its use?

[v] Is the expense account subject to any limitations as to the annual amount withdrawn for personal expenses?

- C) Who has the power in Hagoth to authorize and sign expense account checks?

- D) [i] Other than yourself, are any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?

[ii] If so, is the compensation part of or in addition to annual salaries?

[iii] Is there a maximum amount which may be drawn from the expense account for personal use or compensation?

- III. A) A Hagoth internal memo dated August 21, 1978 attached to your 10 day pre-primary reports stated that Hagoth permitted you use of the corporate computer for campaign purposes. (see attachment A).

[i] Did you participate in the decision to lease the computer for this purpose? If so, explain your role in this matter.

[ii] Describe the terms and conditions of the use agreement, the amount paid for computer time and the amount of use involved. Submit copies of the agreement.

79040133510

- B) The memo also refers to other persons permitted use of Hagoth's computer for personal projects.

[i] Submit the names, addresses and occupations of individuals permitted to use Hagoth's computer within the last 2 years.

[ii] Include the commercial hourly, weekly, or monthly fee charge by the corporation for such use.

[iii] State whether use of the computer required the presence of corporate employees to initially process the information and operate the computer. If so, did the commercial fee include compensation of these employees.

IV. The complaint alleges that Hagoth leases the computers. Is this correct? Explain.

- A) If the allegation is correct, what is the annual corporate cost for use of the computer? What are the terms and conditions of the lease agreement. Submit a copy of the agreement and documents indicating the annual fee paid.

V. The August 24, 1978 Journal American reports that you cashed a Hagoth corporate expense check for \$100, used part of the money to pay for campaign shipments and deposited the rest into Hagoth's petty cash fund. Is this allegation correct? What corporate expense checks, if any, were cashed by you and used to pay campaign costs? List the dates and amounts of these checks.

A) Describe the operation of Hagoth's petty cash fund.

B) Who in Hagoth has authority over the petty cash fund?

C) Are transfers and deposits to the fund recorded, along with the name or initials of each depositor? If so, submit copies of entries for June through September of 1978.

HAGOTH
CORPORATION

5-month's computer time

DATE: August 21, 1978

TO: RICK BENNETT

FM: RICK BENNETT

RE: MEMO OF RECORD CONCERNING USE OF THE COMPUTER
FOR POLITICAL CAMPAIGNING

(back-up
documentation)

see p. 3, sch. B, item 1.

I have made it a corporate policy to allow employees of Hagoth Corporation, as a non-dollar-valued form of compensation, to make personal use of the Hagoth Computer. For example, David Vandevetter is using computing time for a computer aided instruction project, and I have given Larry Walker permission to maintain some of his church records. I have also made personal use of the computer myself for purposes of my political campaign.

In determining a value for the computer, since we rent computer time (as was the case with George Potter of City College) for \$200/month per computer port, and since I started using the computer for the campaign in July, for the months of July, August, September, October and November I theoretically have accepted \$1000 in compensation from the corporation. By copy to the Hagoth Bookkeeper, therefore, add this amount to my 1978 W-2 earnings as compensation. Of course, I will deduct this amount from my income taxes as a campaign in-kind contribution.

Rick Bennett

79040133512



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

October 6, 1978

Mr. Richard Hamilton
12509 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Hamilton:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information concerning your past relationship with Richard Bennett, the Rick Bennett for Congress Committee and the Hagoth Corporation.

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be in notarized form and that they be forwarded to the Commission within ten days after your receipt of this letter.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. §437g(a)(3)(B) will prevail. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. Since those under investigation here have not given such consent, the Act requires that the matter remain confidential.

9040133513

If you have any questions please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4052.

Sincerely yours,

William C. Oldaker
William C. Oldaker
General Counsel

Attachment

79040133514

MUR 706 AGUIAR

● SENDER Complete items 1, 2, and 3 Add your address in the "RETURN TO" space on reverse	
1. The following service is requested (check one). ☐ Show to whom and date delivered. ☒ Show to whom, date, and address of delivery. ☐ RESTRICTED DELIVERY ☐ Show to whom and date delivered. ☐ RESTRICTED DELIVERY ☐ Show to whom, date, and address of delivery. \$ (CONSULT POSTMASTER FOR FEES)	
2. ARTICLE ADDRESSED TO: MR. Richard Hamilton 12509 - 206th Place, S.E. Issaquah, WA 98027	
3. ARTICLE DESCRIPTION: REGISTERED NO. 43983	INSURED NO.
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE ☐ Addressee ☒ Authorized agent	
4. DATE OF DELIVERY	POSTMARK AGUIAR NOV 10 1977
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE	

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

TO: Mr. Richard Hamilt
MUR 706

FEDERAL ELECTION COMMISSION

I. State your past relationship with the Hagoth Corporation (Hagoth).

- A) It is alleged that you were a corporate vice president. Is this correct?
- B) As a corporate executive, did you have access to the corporate expense account? Explain the operation of this expense account. List all corporate executives within your knowledge, who had access to this account. Was this account part of or in addition to your annual salary? Explain.

II. State your past position with the Rick Bennett for Congress Committee (Committee). Include a description of your duties.

- A) Describe the circumstances surrounding your resignation.

III. In an August 1978 interview with a reporter for the Bellevue Journal American, you were reported as saying that Mr. Bennett paid campaign bills with Hagoth funds. Is this quote substantially correct?

- A) If so, submit all documents in support thereof.
- B) Include any transfers from the corporate expense account through Mr. Bennett to the Committee.

IV. You are also reported as saying that you have documentation to prove that Hagoth underbilled Mr. Bennett's campaign. Is this statement correct? If so, submit any and all relevant material in support thereof.

V. It is alleged that the Committee used the Hagoth computer for campaign use. Is this correct?

- A) If so, what is your understanding of the terms and conditions of the use agreement.
- B) Detail the extent and purposes of this use.
- C) Provide documents to support your responses.

VI. It is alleged that there is a computer terminal in Mr. Bennett's home. To your knowledge, is this correct?

- A) When was this computer obtained?
- B) Explain the purposes for which Bennett obtained the computer.
- C) Is the computer leased to Mr. Bennett? If so, from whom did he lease it? If not, what were the circumstances under which he obtained the computer?

19040133516

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Richard H. Bennett, Jr.) MUR 706
Rick Bennett for Congress)
Hagoth Corporation)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on October 4, 1978, the Commission determined by a vote of 5 - 0 to adopt the recommendation of the General Counsel to take the following actions in the above-captioned matter:

1. Find reason to believe that respondents Richard H. Bennett, Jr., Rick Bennett for Congress and Hagoth Corporation violated 2 U.S.C. §441b.
2. Find reason to believe that respondent Richard H. Bennett, Jr. violated 2 U.S.C. §441g and respondent Rick Bennett for Congress violated 11 CFR §110.4(c)(2).
3. Send the letters and questions attached to the ~~First General Counsel's~~ Report dated September 29, 1978.

Voting for this determination were Commissioners Springer, Aikens, Tiernan, Staebler, and Harris.

Attest:

10/4/78

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 9-29-78, 12:26
Circulated on 48 hour vote basis: 10-2-78, 11:30

79040133517

September 29, 1978

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 706

Please have the attached First General Counsel's
Report on MUR 706 distributed to the Commission on a 48
hour tally basis.

Thank you.

79040133518

RECEIVED
OFFICE OF THE
COMMISSIONER

FEDERAL ELECTION COMMISSION
1325 K Street, N.W.
Washington, D.C. 20463

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION SEP 29 1978

MUR NO. 706
DATE COMPLAINT RECEIVED
BY OGC
STAFF
MEMBER Aguiar

COMPLAINANT'S NAME:

Ava Frisinger
Issaquah, WA

Richard H. Bennett, Jr.
Issaquah, WA

Rick Bennett for Congress
Issaquah, WA

Hagoth Corporation
Issaquah, WA

RELEVANT STATUTE:

2 U.S.C. §441g
2 U.S.C. §441b(a)
11 CFR §100.4(a)(1)(iii)
11 CFR §114.9(a)(1),(2)
11 CFR 110.4(c)(1),(2)

BACKGROUND

In a notarized complaint dated September 13, 1978, complainant alleges that respondent Richard H. Bennett, Jr. 1/ directed corporate funds to his political campaign, co-mingled corporate funds with campaign funds, used corporate funds to pay campaign debts and accepted in-kind political contributions from the Hagoth Corporation (Hagoth), of which he is President, in violation of 2 U.S.C. §441b (see attachment I-A). 2/

1/ In a primary election held September 20, 1978, unofficial results, obtained from the Election Division of the Secretary of State's Office in Washington, hold Rick Bennett the Third District Republican winner. He will oppose incumbent Don Bonker in the general election.

2/ Although the complainant is not a candidate for Federal office, she did state that she discussed the complaint with the Bonker for Congress Committee.

79040133520

EVIDENCE

Complainant attached two newspaper articles which formed the basis for her complaint, concerning interviews with Richard Hamilton, former campaign manager for the Rick Bennett for Congress Committee (Committee) 3/ and Richard Bennett himself. The articles appeared in the August 24 and August 26, 1978 Bellevue Journal-American. (See Attachments I-B and I-C). The specific incidents recounted by Mr. Hamilton, and Mr. Bennett's responses, were described in the articles as follows:

Mr. Hamilton was reported as citing an incident in which a \$1,000 Hagoth corporate check, written for a corporate expense, was cashed by Bennett, who diverted the funds to his campaign. Further, Hamilton alleges that a corporate expense check for \$100 was cashed by Mr. Bennett and used to partially pay campaign shipment costs. The balance was then deposited to Hagoth's petty cash fund. Mr. Bennett responded by stating that while corporate funds were first transferred to him, the funds were listed as personal income to him and given by him to the campaign. Mr. Bennett noted that he could contribute an unlimited amount of his own money to the campaign.4/

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While these loans formed part of the \$10,914.14 that candidate Bennett reported as loaning to his Committee, the Committee reports show only the receipt of the total itself on September 4, 1978, and does not show when the cash portion was received. (See attachment I-E).

ANALYSIS

2 U.S.C. §441b renders it unlawful for a corporation to make contributions or expenditures in connection with Federal elections. It is also a violation of this Section for any corporate officer or director to consent to any such contribution or expenditure. Further a candidate or political committee cannot knowingly accept or receive any contribution in violation of this section. "Contribution or expenditure" is defined by 2 U.S.C. §441b (b)(2) to include any direct or indirect payment, distribution, loan, advance or gift of services or anything of value.

Mr. Bennett's method of reimbursing the corporation for personal computer use and his transfer of corporate expense money to his Federal campaign may indicate violations of §441b by him, by the corporation and by the campaign committee. If corporate expense payment transfers made to Bennett were out of the ordinary and were not part of his regular drawings of money from the company, then this may constitute a corporate contribution. Further, while Bennett, as a corporate stockholder, could make occasional, isolated, or incidental use of Hagoth facilities and be liable merely for increased overhead or operating expenses (see 11 CFR §114.9(a)(1), Bennett's use of the computer, as described in the complaint, appears to exceed this level. While Bennett indicates he paid something for the computer use, the complainant states she believes this was an underpayment. Failure to pay the "normal and usual" charge for rental of corporate facilities constitutes a contribution (see 11 CFR 100.4(a)(1)(iii), in possible violation of 2 U.S.C. §441b.

2 U.S.C. §441g renders it unlawful for a person to make cash contributions in excess of \$100 per election to any candidate for Federal office. 11 CFR §110.4(c)(2) directs a committee to promptly return any cash amount received in excess of \$100. "Contribution" is defined in 2 U.S.C. §431(e) to include loans, an advance, or deposits of money. Therefore, Mr. Bennett may be in violation of §441g of the Act when he loaned the \$5,100 in cash and the Committee may be in violation of §110.4(c)(2) of the Regulations when it failed to return the cash.

In addition to reason to believe findings against these respondents, the Office of General Counsel believes that further information is needed regarding clarification of public statements made by Mr. Richard Hamilton, which directly relate to matters alleged in the complaint which generated this MUR.

RECOMMENDATION

1. Find reason to believe that respondents Richard H. Bennett, Jr., Rick Bennett for Congress and Hagoth Corporation violated 2 U.S.C. §441b.
2. Find reason to believe that respondent Richard H. Bennett, Jr. violated 2 U.S.C. §441g and respondent Rick Bennett for Congress violated 11 CFR §110.4(c)(2).

3. Send attached letters with questions to respondents and Mr. Richard Hamilton.

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ATTACHMENTS:

Complaint
Letters to Respondents
Letter to Mr. Richard Hamilton
Reports
Certification

ATTACHMENT 5-A

806162

FEDERAL ELECTION
September 8, 1978

GCC#
4874

The Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

78 SEP 13 AM 11:35

Gentlemen:

MUR 706

After reading articles printed in the Bellevue Daily Journal-American on August 24 and 26, 1978, I believe there is sufficient evidence of possible violation of the Federal Election Campaign Act to warrant an investigation by the Commission of the campaign for Congress of Rick Bennett, 12350-206th Pl. SE, Issaquah, Washington 98027 (Rick Bennett for Congress, 4221-228th Ave. SE, Issaquah, Wa 98027; Donald S. Bateman, Treasurer).

The alleged violations are: illegal use of corporate funds for political campaign expenditures, co-mingling of corporate funds with political campaign funds, illegal in-kind political contributions by a corporation, and intent to avoid payment of taxes on corporate income.

The evidence supporting this complaint consists of public statements made by Mr. Richard Hamilton, former vice president of marketing for the Hagoth Corporation and campaign manager for Bennett, who apparently possesses campaign records for the Rick Bennett for Congress Committee. Mr. Hamilton's allegations, as I have indicated previously, are contained in newspaper articles dated August 24 and 26, 1978, from the Bellevue (Wa.) Daily Journal-American. (The articles are enclosed.) Mr. Hamilton's allegations include the following:

"Hamilton also charged Bennett with violation of federal election law by paying campaign bills with Hagoth Corporation funds.

"As examples, Hamilton said Bennett wrote two checks Friday--both on Hagoth accounts--to pay for campaign expenses.

"Hamilton said the first check, for \$1000., was listed as corporation expenses but actually Bennett cashed it and transferred the funds to the campaign.

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"The check was noted as an expenses payment to avoid taxation, Hamilton said.

"The second check, for \$100., partially paid for shipping of campaign materials. The rest went back to the company's petty cash fund, Hamilton said."

Mr. Hamilton also alleges that the campaign makes use of a computer leased by the Hagoth Corporation and "said that he has documentation to prove Hagoth was underbidding Bennett's campaign."

The newspaper account further contains the admission by the candidate that at least one check drawn on the corporation was incorrectly identified in the corporation records to prevent corporation employees from realizing that the funds were to be used for Bennett's political campaign.

I am not a candidate for office, although as Chairman of the 47th Legislative District Democratic Precinct Organization I take substantial interest in local and district political activities. I have discussed this complaint with the Bonker for Congress Committee which is aware that it is being filed with you.

Sincerely,

Ava Frisinger
Ava Frisinger

12921-231 Ave. SE

Issaquah, Wa. 98027

*Sawyer and subscribed to before me
this 9th day of September 1978.*

*Carol A. Fuller
Notary Public in and for
the State of Washington
Recording at Union*

19040133525

Political divorce messy in Issaquah

By O. CASEY CORR
J-A Political Writer

A potent alliance of Mormon men, which had launched Issaquah School Board, legislative and congressional campaigns, split apart this week amid charges of election and tax law violations and death wishes.

The break occurred when Dick Hamilton, manager of Rick Bennett's 3rd District congressional campaign, said he could no longer tolerate Bennett's mingling of corporate and campaign funds.

Rick Bennett of Issaquah is president of Hagoth Corp. and candidate for the Republican nomination for the congressional seat held by Democrat Don Bonker.

Hamilton, Hagoth vice president for marketing, was fired Monday by Bennett.

Hamilton and Bennett were key strategists in the election of Ed Dittmar, a Hagoth sales manager, and Mike Smith to the Issaquah

School Board last fall.

Dittmar's resignation two weeks ago from Hagoth stemmed from conflicts with Hamilton, Bennett said.

All four — Hamilton, Bennett, Smith, and Dittmar — are Mormons, a fact that led to charges of a Mormon political conspiracy in Issaquah.

The charges have been consistently denied.

Hamilton said Tuesday he resigned from his post in Bennett's campaign because Bennett was violating federal election law by diverting corporate money into the campaign. Hamilton also charged Bennett with using the Mormon Church to raise campaign funds.

"HE NOW has an inspired effort to mobilize the Mormon Church in the last two weeks of the campaign to put out a mailing," Hamilton said of Bennett.

Last fall Bennett used a mailing

strategy in Dittmar's and Smith's school board campaign. Thirteen thousand postcards were sent to Issaquah residents.

Bennett said Tuesday his congressional campaign was making use of contacts in the church, but not the church itself.

Bennett, who began his campaign in July, said traditional sources of campaign workers had "dried up" so he had no choice but to seek other Mormons.

Hamilton said Bennett sent letters to local Mormon bishops and state presidents asking for support.

"Hamilton claims it gives credence to a Mormon conspiracy," Bennett said. "The Mormon Church is simply a peer group. I had to go after them just as I'd go after the Kiwanians or Rotarians."

"Between 20 to 30 percent of my campaign workers are Mormon," Bennett said.

Hamilton also charged Bennett with violation of federal election law

by paying campaign bills with Hagoth Corporation funds.

He said he had "no choice" but to file a complaint with the proper authorities.

Hamilton said he spoke Friday to Bennett about alleged violations but Bennett refused to discuss it.

As examples, Hamilton said, Bennett wrote two checks Friday — both on Hagoth accounts — to pay for campaign expenses.

Hamilton said the first check, for \$1,000, was listed as corporation expenses but actually Bennett cashed it and transferred the funds to the campaign.

The check was noted as an expenses payment to avoid taxation, Hamilton said.

The second check, for \$100, partially paid for shipping of campaign materials. The rest went back to the company's petty cash fund, Hamilton said.

BENNETT, DENYING any

ATTACHMENT J-B

8-24-78

Bellevue Journal-American

19040133527

violation of election laws, said corporate funds were first transferred to him — at which point he listed them as personal income and gave them to the campaign.

"I can contribute an unlimited amount of my own money to the campaign," Bennett said. "We just have to keep careful records, that's all."

He said some Hagoth employees were upset that he was transferring company money to the campaign so he listed the \$1,000 check as an expenses payment. That way his employees wouldn't know the money was actually going to the campaign, he said.

He added he would pay income taxes on all the checks.

Bennett said his campaign also used a computer leased by Hagoth.

Bennett called the machine his "secret weapon" in the campaign. Hagoth will bill the campaign for its use, he said.

Hamilton, a 47th District state legislative candidate, said he had documentation to prove Hagoth was underbidding Bennett's campaign.

"A violation of federal election laws is a serious matter if you keep quiet," Hamilton said. "In the last couple of weeks I became convinced Richard wants the (congressional) office for power and glory and the pay check."

"None of those has anything to do with public service. He has a gigantic ego."

Bennett said Hamilton "has totally left reality. Dick's burned

more bridges than anyone I've met. I've been the only friend he's had for years."

"Having Dick on the campaign was a tremendous liability. But for him it was the most useful thing in an otherwise useless life."

The feud between Hamilton and Bennett and Hamilton and Dittmar could cripple the political future of all three men.

Dittmar, along with two other Issaquah School Board members, faces a recall vote next month.

"The alliances aren't falling apart," Bennett said. "What's falling apart is Hamilton. The world will get along better without him."

Bellevue Journal-American

8-24-78

Political Divorce.....continued

ATTACHMENT I-C

79040133528



Campaign falters

Bennett denies wrongdoing, digs for cash and thinks about Hollywood

By O. CASEY CORR
J-A Political Writer

Rick Bennett was a little busy Friday.

On that day Bennett, a congressional candidate, businessman and movie producer, did these things:

- Met with Republican party leaders who asked him to be nice to his former campaign manager in order to save Bennett's political life.

- Met with potential buyers of the Hagoth Corporation, source of Bennett's wealth and national reputation and now on sale.

- ✓ — Discussed with a reporter why the Federal Election Commission in Washington, D.C. has no record of his declared candidacy as required by law. (Apparently the document is victim of a slow mail service.)

The colorful Bennett, driver of a \$30,000 car, owner of an Issaquah home stuffed with electronic gadgets and manufacturer of the lie-detecting Voice Stress Analyzer, is running for Congress in the 3rd District.

Bennett's campaign suffered some shock waves this week when Dick Hamilton, Issaquah resident and Bennett campaign manager, left the campaign charging Bennett with federal election law violations and using the Mormon Church in politics.

BENNETT HAS denied the charges but the dispute prompted a meeting with local party leaders who asked Bennett and Hamilton to curb their tongues.

Hamilton himself is a candidate for the Republican primary in the 47th legislative district.

The meeting reportedly was attended by members of the conservative wing of the Republican

party. They are: Con Butenko, Bob Bristow, Ted Cowan — all active in 3rd District GOP organizations — Chuck Elhart (unsuccessful congressional candidate in 1976), Hamilton and Bennett.

The gist of the meeting was "we have to consider the political reality of hurting each other," Bennett said.

Earlier this week Hamilton, whom Bennett has fired from a job with Hagoth, charged Bennett with paying campaign bills with corporation money.

If true, that is a violation of federal election law, said David Fiske, spokesman for the Federal Election Commission.

Fiske said the FEC would not investigate the matter unless a written, notarized complaint is filed.

Hamilton said Friday he would prepare formal charges over the weekend.

HAMILTON CLAIMS Bennett is using Hagoth equipment, money and employees to help his campaign.

True, Bennett replies, but every contribution or service will be written off as Rick Bennett's personal contribution to the campaign — and so noted on disclosure forms — or Hagoth will bill the campaign.

Bennett's first campaign finance statement is due Sept. 9 in Washington, D.C.

Bennett is upset with Hamilton's second charge — using the Mormon Church for political purposes — because it's not true and it gives the church a bad name, Bennett said.

"It breaks my heart," Bennett said. He maintains he's used contacts within the church, but not the church itself.

"I have indications that the public relations people in the church are really concerned," he said.

Bennett's recent decision to sell

19040133530

— Photo by Michael Good

This is Rick Bennett with his "secret weapon." Godzilla. It is a Hagoth-leased computer with a list by precinct of every registered voter in the 3rd Congressional District.

his wholly-owned corporation stems partly from campaign fund-raising troubles.

His projected campaign budget has shriveled \$200,000 to \$30,000.

Bennett's personal contribution, including Hagoth in-kind contributions billed to himself, totals approximately \$12,000, he said.

Outside contributions total approximately \$3,000, he said.

Bennett's is also considering a second mortgage on his Issaquah home to finance the campaign.

Bennett bought an ad in the *The Wall Street Journal* this week offering Hagoth at an undisclosed sales price.

THE AD, claiming the firm had \$1 million in sales in 1977, called for a \$100,000 cash down payment, with the remaining amount negotiable.

Hagoth's only product is the voice stress machine.

Bennett said he's lost interest in the company. If he loses the race against incumbent U.S. Rep. Don Bonker, Bennett will devote himself to film making.

Bennett is now finishing a short feature, *Darth Vader Visits Seattle*, the profits of which will go to the Boy Scouts, he said.

"I've got a lot of irons burning in the movie industry," he said. "If I don't win I'll work with Gary Kurtz (Hollywood producer) in making the

sequel to *Star Wars*.

Bennett decided to sell Hagoth two weeks after making the *Darth Vader* movie this summer. Bennett says he can produce, write and direct movies.

"Howard Hughes did it, why can't I?" he said.

Despite his unsuccessful efforts to shake the political money tree, Bennett says he will beat Bonker.

He figures he only needs to sway 20,000 voters to win. He hints he will do that with a massive, last minute direct mailing designed by a computer in Bennett's home.

HAMILTON AND BENNETT, once close friends and allies in a number of Issaquah-area campaigns, now say bitter things about each other.

Bennett Wednesday called Hamilton a man with no friends. He said he allowed Hamilton to work on his campaign, as a gesture to "an otherwise useless life."

"We almost live across the street from each other," Hamilton said.

Ironically, the former friends will spend a long day with each other Sunday. Both are Mormons and members of the same ward, which will meet all day to discuss God and spiritual lessons in the Bible.

"This ought to be an interesting Sunday," Hamilton said. "Things are going to be strained."

SCHEDULE B
REVISED

January, 1978

Federal Election Commission

1325 K Street, N.W.

Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Operating, Transfers Out, Contributions In Kind,
Loans, Loan Repayments and Refunds Made)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c
of FEC FORM 3Page 1 of 3 for
Line Number 21(Use Separate Schedules for
each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full			
Richard H. (Rick) Bennett, Jr., Candidate			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Rick Bennett for Congress 4221-228th Ave S.E. Issaquah, Wash. 98027	Loans Cash ~~Contribution~~	7/21/78	\$100 ⁰⁰
Expenditure for: ☐ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	Loans Cash ~~Contribution~~	7/21/78	\$3000 ⁰⁰
Expenditure for: ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/8/78	\$1000 ⁰⁰
Expenditure for: ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/16/78	\$1000 ⁰⁰
Expenditure for: ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
S.J. Guzzetta Campaign Mgmt. Associates. Box 82207 Tampa, Fla. 33682	(loan) Consulting	~~7/21/78~~ 7/21/78	\$1000 ⁰⁰
Expenditure for: ☒ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Providence Hts. Cont. Ctr. 4221-228th Ave. S.E. Issaquah, Wash. 98027	(loan) OFFICE RENT-HQ.	7/13/78	\$409 ²⁰
Expenditure for: ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Post Marketing Corp. 7120 Woodlawn Ave. N.E. Seattle, Wa. 98115	(loan) Computer tapes-Voters	7/20/78	\$711.18
Expenditure for: ☒ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
U.S. Postmaster Issaquah, WASH.	(loan) Postage	7/19/78	\$100 ⁰⁰
Expenditure for: ☒ Primary ☐ General ☐ Other			
SUBTOTAL of expenditures this line number			\$7,320.38
TOTAL for period (not applicable to numbered print)			\$7,320.38

19040133531

ITEMIZED EXPENDITURES
 (Operating, Transfers Out, Contributions In-Kind,
 Loans, Loan Repayments and Refunds Made)
 Supporting Lines 20a, 21a, and 22a, 22b, and 22c
 of FEC FORM 3

Page 2 of 3 for
 Line Number 24

(Use Separate Schedules for
 each numbered line)

Name of Candidate or Committee in Full	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Richard H. (Rick) Bennett, Jr., Candidate			
Full Name, Mailing Address and ZIP Code Virginia Printery ISSAQUAH, Wash. 98027	Printing (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/19/78	1000 ⁰⁰
Full Name, Mailing Address and ZIP Code Same ↑	PRINTING (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/16/78	200 ⁹⁵
Full Name, Mailing Address and ZIP Code Pacific Northwest Bell Box 12480 Seattle, Wa. 98191	Telephone Deposit (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/19/78	755 ⁰⁰
Full Name, Mailing Address and ZIP Code Renton Sheraton Hotel Rainier Ave. So. Renton, Wash.	Press Conference Room (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/18/78	93 ⁷⁹
Full Name, Mailing Address and ZIP Code The GOVERNOR House OLYMPIA, Wash.	Room - Press Conference (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/18/78	78 ⁹⁸
Full Name, Mailing Address and ZIP Code Fancher Flyways, Inc. Renton Airfield Renton, Wash.	Rent Airplane for Press Conferences (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	7/18/78	122 ²⁰
Full Name, Mailing Address and ZIP Code Rick Bennett for Congress 4221-228th Ave. S.E. ISSAQUAH, Wa. 98027	In-Kind Clerical from Bennett (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	8/21/78	76.15
Full Name, Mailing Address and ZIP Code Rick Bennett for Congress Same ↑	In-Kind Computer Paper (Loan) Expenditure for: ☐ Primary ☐ General ☐ Other	8/8/78	150.00
SUBTOTAL of expenditures in support of campaign			2,177.57
TOTAL of expenditures in support of campaign			\$

79040133532

Washington, D. C. 20540

(Operating, Transfers Out, Contributions In-Kind,
Loans, Loan Repayments and Refunds Model)
Supporting Lines 20a, 21a, and 22a, 22b, and 22c
of FEC FORM 3

(Use Separate Schedules for
each numbered line)

Name of Candidate or Committee	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Richard H. (Rick) Bennett, JR., Candidate	In-kind (Loan) 5-month Computer Time Expenditure for ☒ Primary ☐ General ☐ Other	8/21/78	\$1000 ⁰⁰
Full Name, Mailing Address and ZIP Code Rick Bennett for Congress 4221-228th Ave. S.E. Issaquah, Wash 98027	IN-KIND (Loan) Travel expenses Expenditure for ☐ Primary ☐ General ☐ Other	8/24/78	61.19
Same ↑	IN-KIND (Loan) Honi @ 10 + 90 City Expenditure for ☐ Primary ☐ General ☐ Other	8/26/78	21.00
Same ↑	(Loan) Wash. D.C. Combine business w. Party Luncheon Lunch = \$6.00 Expenditure for ☐ Primary ☐ General ☐ Other	8/14/78	6.00
Same ↑	IN-KIND (Loan) (mileage 70 @ 10) Expenditure for ☐ Primary ☐ General ☐ Other	8/29/78	7.00
Same ↑	IN-KIND (Loan) (110 mi + 90 ferry) Expenditure for ☐ Primary ☐ General ☐ Other	9/2/78	21.00
	Expenditure for ☐ Primary ☐ General ☐ Other		
	Expenditure for ☐ Primary ☐ General ☐ Other		
	Expenditure for ☐ Primary ☐ General ☐ Other		
GND TOTAL			\$1116.19
TOTAL			\$10,914.14

79040133534

(back-up documentation)

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

see p. 3, sch. B; item 1.

SCHEDULE A
REVISEDJanuary, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20542

ITEMIZED RECEIPTS

(Contributions, Transfers, Contribution in Kind,
Other Income, Loans, Refunds)Supporting Lines 14a, 15a, 15b, 15c, 16a, 17a, and/or 18a
of FEC FORM 3Page 1 of 3Line Number 19Use Separate Schedules for
each numbered line

Name of Candidate or Committee in Full

Rick Bennett for Congress

Full Name, Mailing Address and ZIP Code

Richard H. Bennett, JR.
12350-206th Place S.E.
Issaquah, Wash. 98027
(the candidate)Receipt for ☒ Primary ☒ General ☐ Other

Full Name, Mailing Address and ZIP Code

Dr. John M. Hennricksen
148 Deveresse Rd,
Chehalis, Wash. 98532Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

John H. Markham
814 K. St.
Centralia, Wash. 98531Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

Josamine G. Shively
Box 9
Issaquah, Wash. 98027Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

TAMARA BUTENKO
14234 S.E. 216th Street
Kent, Wash. 98031Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

WILLIAM B. DICKSON
3711 N. 37th St.
TACOMA, WASH. 98407Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

*Note Thomas E. Sawyer
548 W. 630 So.
OREM, UTAH. 84057Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

BRIGHAM YOUNG UNIV.
PROVO, UTAH.
TEACHER AT BYU

(includes in-kind) (LOAN)

HAGOTH CORP.
85 N.W. ALDER PLACE
ISSAQUAH, WA. 98027
PRESIDENT- HAGOTH CORP.Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

Professional Center
Chehalis, Wa. 98532
DENTISTReceipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

Retired

Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

Lige DICKSON CO.
TACOMA
CONTRACTOR- Pres. of Co.Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

25

Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

200

Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

100

Receipt for ☒ Primary ☐ General ☐ Other

Full Name, Mailing Address and ZIP Code

100

Date received
Amount of each Receipt
this Period9/4/78 10,914.14
See Bennett's
Personal Report.Date received
Amount of each Receipt
this Period8/4/78 100⁰⁰Date received
Amount of each Receipt
this Period8/4/78 250⁰⁰Date received
Amount of each Receipt
this Period8/9/78 10⁰⁰Date received
Amount of each Receipt
this Period8/9/78 25⁰⁰Date received
Amount of each Receipt
this Period8/9/78 200⁰⁰Date received
Amount of each Receipt
this Period8/14/78 100⁰⁰Date received
Amount of each Receipt
this Period8/14/78 100⁰⁰Date received
Amount of each Receipt
this Period8/14/78 100⁰⁰Date received
Amount of each Receipt
this Period8/14/78 100⁰⁰Date received
Amount of each Receipt
this Period

SUBTOTAL

TOTAL

11,999.14

790401335

SCHEDULE C
REVISED
January, 1978
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20543

DEBTS AND OBLIGATIONS

Supporting Line Numbers 12 and 13
of FEC FORM 3

(Indicate Primary or General Election for each Entry.)

Page **3** of **3**
Line Number **17**

This Schedule C is required for
all candidates and committees

Name of Candidate and Committee in Full				
Rick Bennett for Congress				
Full Name, Mailing Address and ZIP Code of Debtor or Creditor		Date (month, day, year)	Amount of Original Debt Contract Agreement (if any)	Outstanding Balance at Close of This Period
Rick Bennett 12350-206th Pl. S.E. Issaquah, WASH. 98027		9/4/78		
☒ Primary ☒ General ☐ Other			\$10,914.14	\$10,914.14
NATURE OF OBLIGATION (Debit or Credit)				
Loan by Candidate to Campaign - period 7/13-9/4/78				
Full Name, Mailing Address and ZIP Code of Debtor or Creditor		Date (month, day, year)	Amount of Original Debt Contract Agreement (if any)	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other			\$	\$
NATURE OF OBLIGATION (Debit or Credit)				
Full Name, Mailing Address and ZIP Code of Debtor or Creditor		Date (month, day, year)	Amount of Original Debt Contract Agreement (if any)	Outstanding Balance at Close of This Period
☐ Primary ☐ General ☐ Other			\$	\$
NATURE OF OBLIGATION (Debit or Credit)				
SUBTOTALS (this period this page (optional))			\$10,914.14	\$10,914.14
TOTAL (this period last page this line number only)			\$10,914.14	\$10,914.14
Grand Total (this period only) (this line number only)			13,503.08	13,503.08

79040133536



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges Hagoth Corporation ("Hagoth") committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state violations of 2 U.S.C. §441b. Specifically, it appears that Hagoth made monetary and in-kind contributions to you as a candidate, and to your campaign committee, Rick Bennett for Congress, in violation of §441b(a) of the Act.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

79040133537

- 2 -

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

79040133538

FEDERAL ELECTION COMMISSION

TO: Mr. Richard Bennett
President, Hagoth Corporation

Re: MUR 706 (78)

QUESTIONS

I. Describe your relationship with Hagoth Corporation (Hagoth).

A) Are you a Hagoth officer or stockholder? If so, state the amount of stock you hold and your percentage of ownership in the Corporation and your office. How long have you been an owner or stockholder of Hagoth? What has been your salary, dividends on stock ownership or other financial drawing privileges, if any, and how often have you received such payments? For the period July 1977 to the present, please state the amounts you drew in expenses each month, and state the purposes for which these funds were drawn.

B) List the names and addresses of other Hagoth stockholders and officers.

II. The August 24, 1978 issue of the Bellevue Daily Journal American reports you as saying that some Hagoth employees were upset that you were transferring corporate money to the campaign, so you listed the \$1,000 check as expense payment, that way, (the) employees wouldn't know the money was actually going to the campaign. Is this statement substantially correct?

A) What corporate checks, if any, other than the \$1,000 check referred to in the article, were listed as expenses and transferred to your campaign? State the dates and amounts of these checks.

79040133539

- B) [i] In connection with your association with Hagoth, do you have an expense account?

[ii] Is the expense account part of or in addition to your annual compensation?

[iii] How long have you had this account?

[iv] What are the terms and conditions of its use?

[v] Is the expense account subject to any limitations as to the annual amount withdrawn for personal expenses?

- C) Who has the power in Hagoth to authorize and sign expense account checks?

- D) [i] Other than yourself, are any Hagoth executives permitted to draw corporate expense checks and later credit the amount of the transaction as personal compensation from the corporation?

[ii] If so, is the compensation part of or in addition to annual salaries?

[iii] Is there a maximum amount which may be drawn from the expense account for personal use or compensation?

- 79040133540
III. A) A Hagoth internal memo dated August 21, 1978 attached to your 10 day pre-primary reports stated that Hagoth permitted you use of the corporate computer for campaign purposes. (see attachment A).

[i] Did you participate in the decision to lease the computer for this purpose? If so, explain your role in this matter.

[ii] Describe the terms and conditions of the use agreement, the amount paid for computer time and the amount of use involved. Submit copies of the agreement.

- B) The memo also refers to other persons permitted use of Hagoth's computer for personal projects.

[i] Submit the names, addresses and occupations of individuals permitted to use Hagoth's computer within the last 2 years.

[ii] Include the commercial hourly, weekly, or monthly fee charge by the corporation for such use.

[iii] State whether use of the computer required the presence of corporate employees to initially process the information and operate the computer. If so, did the commercial fee include compensation of these employees.

- IV. The complaint alleges that Hagoth leases the computers. Is this correct? Explain.

- A) If the allegation is correct, what is the annual corporate cost for use of the computer? What are the terms and conditions of the lease agreement. Submit a copy of the agreement and documents indicating the annual fee paid.

- v. The August 24, 1978 Journal American reports that you cashed a Hagoth corporate expense check for \$100, used part of the money to pay for campaign shipments and deposited the rest into Hagoth's petty cash fund. Is this allegation correct? What corporate expense checks, if any, were cashed by you and used to pay campaign costs? List the dates and amounts of these checks.

- A) Describe the operation of Hagoth's petty cash fund.

- B) Who in Hagoth has authority over the petty cash fund?

- C) Are transfers and deposits to the fund recorded, along with the name or initials of each depositor? If so, submit copies of entries for June through September of 1978.

HAGOTH

CORPORATION

* 5-month's computer time

(back-up
documentation)

DATE: August 21, 1978

TO: RICK BENNETT

FM: RICK BENNETT

see p. 3, sch. B, item 1.

RE: MEMO OF RECORD CONCERNING USE OF THE COMPUTER
FOR POLITICAL CAMPAIGNING

I have made it a corporate policy to allow employees of Hagoth Corporation, as a non-dollar-valued form of compensation, to make personal use of the Hagoth Computer. For example, David Vandevanter is using computing time for a computer aided instruction project, and I have given Larry Walker permission to maintain some of his church records. I have also made personal use of the computer myself for purposes of my political campaign.

In determining a value for the computer, since we rent computer time (as was the case with George Potter of City College) for \$200/month per computer port, and since I started using the computer for the campaign in July, for the months of July, August, September, October and November I theoretically have accepted \$1000 in compensation from the corporation. By copy to the Hagoth Bookkeeper, therefore, add this amount to my 1978 W-2 earnings as compensation. Of course, I will deduct this amount from my income taxes as a campaign in-kind contribution.

Rick Bennett

19040133542



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett, Jr.
12350 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges you committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that you may have used \$12,000 in corporate funds for political campaign expenditures and accepted in-kind contributions from the Hagoth Corporation.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that you violated Section 441g of the Act. Specifically, it appears from your reports that on July 21, and on August 8 and 16, 1978, you loaned a total of \$5,100 in cash to your Committee.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact, Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

199040133544

TO: Mr. Richard Bennet
MUR 706

FEDERAL ELECTION COMMISSION

QUESTIONS

I. The August 26, 1978 issue of the Daily Journal American reports you hinting that you would use a computer in your home for a massive, last minute direct mailing. Is this substantially correct?

A) If so, how long have you had the computer installed in your home?

B) [i] Do you lease the computer?

[ii] If so, from whom?

[iii] Submit copies of the lease agreement.

[iv] What are the terms and conditions of the lease?

[v] If you do not lease the computer, state how you obtained the computer and the purposes of its use.

II. A) The August 26, 1978 article further reports you as saying that your personal contribution, including Hagoth in-kind contributions billed to yourself, totals approximately \$12,000. Is this correct?

Your 10 day pre-primary reports submitted to the Commission disclose an aggregate \$10,914.14 loan to your campaign committee.

79040133545

[i] Where is the \$1,085.86 difference reported?

[ii] How were these additional contributions made?

B) Further explain the Hagoth in-kind contributions billed to you. How were they billed to you? Where are they reported? When were they made?

III. Your 10 day pre-primary reports disclose an aggregate \$5,100 in cash contributions (loans) made by you to your committee. (See attachment A).

A) Where did the funds for these loans originate?

B) To whom on the Committee did you give these funds?

C) Detail the purposes for which these funds were used.

79040133546

Report: Attachment A.

SCHEDULE D

REVISED

January, 1978

Federal Election Commission

1325 K Street, N.W.

Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Covering, Transfers Out, Contributions in Kind,
Loans, Loan Repayments and Refunds Made)Supporting Lines 20a, 21a, and 22a, 22b, and 22c
of FEC FORM 3Page 1 of 3 for
Line Number 21(Use Separate Schedules for
each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full			
Richard H. (Rick) Bennett, Jr., Candidate			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Rick Bennett for Congress 4221-228th Ave S.E. Issaquah, Wash. 98027	Loans Cash ~~Expenditure~~	7/21/78	\$100 ⁰⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	Loans Cash ~~Expenditure~~	7/21/78	\$3000 ⁰⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/8/78	\$1000 ⁰⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/16/78	\$1000 ⁰⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
S. J. Guzeena Campaign Mgmt. Associates, Box 82207 Tampa, Fla. 33682	(loan) Consulting	7/21/78	\$1000 ⁰⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Providence Mrs. Conf. Ctr. 4221-228th Ave. S.E. Issaquah, Wash. 98027	(loan) OFFICE RENT - HQ.	7/13/78	\$409 ²⁰
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Post Marketing Corp. 7120 Woodlawn Ave. N.E. Seattle, Wa. 98115	(loan) Computer Tapes - Voters	7/20/78	\$711.18
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
U.S. Postmaster Issaquah, WASH.	(loan) Postage	7/19/78	\$100 ⁰⁰
SUBTOTAL for expenditures this page (include 1)			\$7,320.38
TOTAL for expenditures this page this line number only			\$7,320.38

79040133547



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Avenue, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bateman:

The Federal Election Commission has received a complaint which alleges your committee committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that your committee may have accepted corporate funds and in-kind corporate contributions from the Hagorth Corporation, in violation of §441b(a) of the Act.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that your Committee violated Section 110.4(c)(2) of the Commission's Regulations. Specifically, it appears that the Committee, on or about July 21 and on August 8 and 16, 1978, accepted and retained a total of \$5,100 in cash loans from the candidate. In this regard, a copy of the relevant page from the candidate's report is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

79040133548

- 2 -

The Commission is under a duty to investigate this matter expeditiously. Therefore your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact, Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

19040133549

FEDERAL ELECTION COMMISSION

TO: Mr. Donald Bateman, Treasurer
Rick Bennett for Congress

Re: MUR 706(78)

QUESTIONS

- I. Reports filed by your Committee and the candidate Richard Bennett indicate that the Committee received in-kind and direct loans from candidate Richard Bennett in the aggregate amount of \$10,914.14. This included a \$1,000 expenditure on August 21, 1978 to Hagoth Corporation for 5 months of computer time.
- A) To your knowledge, were Hagoth employees required to operate the computer?
 - B) If so, did the \$1,000 fee include compensation for these employees?
 - C) Were any members of your Committee involved in this transaction? If so, identify them.
 - D) Explain the terms and conditions of the computer use agreement. Provide copies of any written agreement with the Committee made for this usage.
- II. Reports submitted by Mr. Bennett disclose "cash" contributions (loans) to your Committee in the aggregate amount of \$5,100 (see attached report),
- A) In what form were these amounts received, i.e. bank check, draft, etc.?
 - B) When were these amounts received and used by the Committee? Provide material in support of your answer.
 - C) Detail the purpose of these loans.

19040133550

D) How, if at all, have these loans been reported?

III. The Complaint alleges that on or about August 18, 1978, Mr. Bennett cashed a \$1,000 corporate expense check and transferred the funds to the campaign. What is your recollection of this \$1,000 transfer? Did the Committee receive any cash contributions (loans) from Mr. Bennett other than those referred to in Question II? If so, explain the purposes for which these funds were used. State also the date of each loan.

IV. It is alleged that on or about August 18, 1978, Mr. Bennett used a \$100 corporate expense check to pay for shipping of campaign materials.

A) Do you have any knowledge of this? If so,

B) Describe what coordination, if any, occurred between Mr. Bennett and the Committee and what Committee materials, if any, were involved.

V. In your 10 day pre-primary report, on page 2, line 3, your entry for net expenditures is marked as "meaningless because of in-kind mix." (See attachment B). Further explain this statement.

79040133551

Report: Attachment A.

SCHEDULE D
REVISED
 January, 1977
 Federal Election Commission
 1325 K Street, N.W.
 Washington, D.C. 20463

ITEMIZED EXPENDITURES

(Operating, Transfers Out, Contributions in Kind,
 Loans, Loan Repayments and Refunds Made)
 Supporting Lines 20a, 21a, and 22a, 22b, and 22c
 of FEC FORM 3

Page 1 of 3 for
 Line Number 21

(Use Separate Schedules for
 each numbered line)

Loans to Campaign

Name of Candidate or Committee in Full			
Richard H. (Rick) Bennett, Jr., Candidate			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Rick Bennett for Congress 4221-228th Ave S.E. Issaquah, Wash. 98027	Loans Cash ~~General~~	7/21/78	\$100 ⁰⁰
Expenditure for ☐ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	Loans Cash ~~General~~	7/21/78	\$3000 ⁰⁰
Expenditure for ☐ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/8/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
same ↑	same	8/16/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
S. J. Guzzetta Campaign Mgmt. Associates. Box 82207 Dania, Fla. 33682	(from) Consulting	7/21/78	\$1000 ⁰⁰
Expenditure for ☒ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Providence Hts. Conf. Ctr. 4221-228th Ave. S.E. Issaquah, Wash. 98027	(loan) OFFICE RENT - HQ.	7/13/78	\$409 ²⁰
Expenditure for ☐ Primary ☐ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
Post Marketing Corp. 7120 Woodlawn Ave. N.E. Seattle, Wa. 98115	(from) Computer tapes - Voters	7/20/78	\$711.18
Expenditure for ☒ Primary ☒ General ☐ Other			
Full Name, Mailing Address and ZIP Code	Particulars of Expenditure	Date (month, day, year)	Amount of each expenditure this period
U.S. Postmaster Issaquah, WASH.	(from) Postage	7/19/78	\$100 ⁰⁰
Expenditure for ☒ Primary ☐ General ☐ Other			
SUBTOTAL			\$7,320.38
TOTAL			\$7,320.38

79040133552

DETAILED SUMMARY OF RECEIPTS AND EXPENDITURES
(Page 2, FEC FORM 3)

Attachment B

NAME OF CANDIDATE OR COMMITTEE		REPORT COVERING THE PERIOD	
Rick Bennett for Congress		FROM: 7/13/78	TO: 9/4/78
RECEIPTS		Column A This Period	Column B Calendar Year-To-Date
14. Contributions from individuals including contributions in kind			
(a) Itemized (Use Schedule A)		\$ 757.50	
(b) Unitemized		\$	
(c) Sales and collections included above			
(d) Subtotal of contributions from individuals		\$ 757.50	\$ 757.50
15. Transfers from Political Committees			
(a) Funds from affiliated authorized committee (itemize on Schedule A regardless of amount)		\$ 0	
(b) Funds from other committees (itemize on Schedule A regardless of amount)		\$	
(c) Contributions in kind from political committees (itemize on Schedule A regardless of amount)		\$	
(d) Subtotal of transfers in and contributions in kind from political committees		\$	\$ 0
16. Other Income			
(a) Itemized (Use Schedule A)		\$ 0	
(b) Unitemized		\$	
(c) Subtotal of other income		\$	\$ 0
17. Loans and Loan Repayments Received			
(a) Itemized (Use Schedule A)		\$ 10,914.14	
(b) Unitemized		\$	
(c) Subtotal of loans and loan repayments received		\$ 10,914.14	\$ 10,914.14
18. Refunds, Retates, Returns of Deposits			
(a) Itemized (Use Schedule A)		\$ 0	
(b) Unitemized		\$	
(c) Subtotal of refunds, retates, returns of deposits		\$	\$
19. Total Receipts		\$ 11,771.64	\$ 11,771.64
EXPENDITURES			
20. Operating Expenditures			
(a) Itemized (Use Schedule B)		\$ 6,172.85	
(b) Unitemized		\$	
(c) Subtotal of operating expenditures		\$ 6,172.85	\$ 6,172.85
21. Loans, Loan Repayments, and Contribution Refunds Made			
(a) Itemized (Use Schedule B)		\$ -	
(b) Unitemized		\$	
(c) Subtotal of loans and loan repayments made and contribution refunds		\$ 0	\$ 0
22. Transfers Out to Political Committees			
(a) To affiliated/authorized committee (itemize on Schedule B regardless of amount)		\$	
(b) To other committees (itemize on Schedule B regardless of amount)		\$	
(c) Contributions in kind to other committees (itemize on Schedule B regardless of amount)		\$	
(d) Subtotal of transfers out		\$ 0	\$ 0
23. Independent Expenditures (Use Schedule E)		\$ 0	\$ 0
24. Coordinated Expenditures Made by Political Committees (2 U.S.C. 431a(d)) (itemize on Schedule F)		\$ 0	\$ 0
25. Total Expenditures		\$ 6,172.85	\$ 6,172.85
NET OF TRANSFERS TO AND FROM AFFILIATED COMMITTEES			
26. Total Receipts (from line 19)		\$ 11,771.64	
27. Transfers in (from line 15(d))		\$	
28. Net Receipts (Subtract line 27 from line 26)		\$ 11,771.64	
29. Total Expenditures (from line 25)		\$ 6,172.85	
30. Transfers Out (from line 22(d))		\$	
31. Net Expenditures (Subtract line 30 from line 29)		\$ 5,598.79	

because of in-kind mkt!

79040133553

SCHEDULE D
 DISCLOSURE
 January, 1978
 Federal Election Commission
 1225 K Street, N.W.
 Washington, D.C. 20543

ITEMIZED EXPENDITURES
 (Operating, Transfers Out, Contributions In-Kind,
 Loans, Loan Repayments and Refunds Made)
 Supporting Lines 20a, 21a, and 22a, 22b, and 22c
 of FEC FORM 3

Page 3 of 3
 Line Number 21
 (Use Separate Schedules for
 each type of expenditure)

Name of Candidate or Committee in Full

Richard H. (Rick) Bennett, JR. Candidate

Full Name, Mailing Address and ZIP Code
 Rick Bennett for Congress
 4221-223rd Ave. S.E.
 Issaquah, Wash. 98027

Particulars of Expenditure (Loan)

In-Kind

5-months Computer Time

Date (month, day, year)

8/21/78

Amount of each expenditure (in dollars)

\$1000.00

Full Name, Mailing Address and ZIP Code

Same ↑

Particulars of Expenditure (Loan)

In-Kind

Travel Expenses

Date (month, day, year)

8/24/78

Amount of each expenditure (in dollars)

61.19

Full Name, Mailing Address and ZIP Code

Same ↑

Particulars of Expenditure (Loan)

In-Kind

1100.00 + 90.00

Date (month, day, year)

8/26/78

Amount of each expenditure (in dollars)

21.00

Full Name, Mailing Address and ZIP Code

Same ↑

Particulars of Expenditure (Loan)

WASH. D.C. Committee Business w. Party Leadership

Date (month, day, year)

8/14/78

Amount of each expenditure (in dollars)

6.00

Full Name, Mailing Address and ZIP Code

Same ↑

Particulars of Expenditure (Loan)

In-Kind

(mileage 700.00)

Date (month, day, year)

7/29/78

Amount of each expenditure (in dollars)

7.00

Full Name, Mailing Address and ZIP Code

Same ↑

Particulars of Expenditure (Loan)

In-Kind

(1100.00 + 90.00)

Date (month, day, year)

9/2/78

Amount of each expenditure (in dollars)

21.00

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Full Name, Mailing Address and ZIP Code

Particulars of Expenditure

Particulars of Expenditure

Particulars of Expenditure

Particulars of Expenditure

Particulars of Expenditure

Particulars of Expenditure

Particulars of Expenditure

Date (month, day, year)

Date (month, day, year)

Date (month, day, year)

Date (month, day, year)

Date (month, day, year)

Date (month, day, year)

Date (month, day, year)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

Amount of each expenditure (in dollars)

TOTAL \$116.19
 TOTAL \$10,914.14

79040133554



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard Hamilton
12509 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Hamilton:

By this letter, the Federal Election Commission requests that you provide information which will assist it in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission requests information concerning your past relationship with Richard Bennett, the Rick Bennett for Congress Committee and the Hagoth Corporation.

In this connection, we would appreciate your answering the questions listed on the attachment to this letter. We request that your answers be in notarized form and that they be forwarded to the Commission within ten days after your receipt of this letter.

Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. §437g(a)(3)(B) will prevail. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. Since those under investigation here have not given such consent, the Act requires that the matter remain confidential.

79040133555

- 2 -

If you have any questions please contact Miriam Aguiar, the staff member assigned to this matter at 202-523-4052.

Sincerely yours,

William C. Oldaker
General Counsel

Attachment

79040133556

TO: Mr. Richard Hamilton
MUR 706

FEDERAL ELECTION COMMISSION

I. State your past relationship with the Hagoth Corporation (Hagoth).

- A) It is alleged that you were a corporate vice president. Is this correct?
- B) As a corporate executive, did you have access to the corporate expense account? Explain the operation of this expense account. List all corporate executives within your knowledge, who had access to this account. Was this account part of or in addition to your annual salary? Explain.

7
5
5
3
3
4
0
4
0
9
0
4
0
1
II. State your past position with the Rick Bennett for Congress Committee (Committee). Include a description of your duties.

- A) Describe the circumstances surrounding your resignation.

III. In an August 1978 interview with a reporter for the Bellevue Journal American, you were reported as saying that Mr. Bennett paid campaign bills with Hagoth funds. Is this quote substantially correct?

- A) If so, submit all documents in support thereof.
- B) Include any transfers from the corporate expense account through Mr. Bennett to the Committee.

IV. You are also reported as saying that you have documentation to prove that Hagoth underbilled Mr. Bennett's campaign. Is this statement correct? If so, submit any and all relevant material in support thereof.

7. It is alleged that the Committee used the Hagoth computer for campaign use. Is this correct?

- A) If so, what is your understanding of the terms and conditions of the use agreement.
- B) Detail the extent and purposes of this use.
- C) Provide documents to support your responses.

VB 7904013355B It is alleged that there is a computer terminal in Mr. Bennett's home. To your knowledge, is this correct?

- A) When was this computer obtained?
- B) Explain the purposes for which Bennett obtained the computer.
- C) Is the computer leased to Mr. Bennett? If so, from whom did he lease it? If not, what were the circumstances under which he obtained the computer?



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

September 20, 1978

Ava Frisinger
12921-231 Ave. SE
Issaquah, Wa. 98027

Dear Ms. Frisinger:

This is to acknowledge receipt of your complaint of September 8, 1978, alleging violations of the Federal Election Campaign Laws. A staff member has been assigned to analyze your allegations and a recommendation to the Federal Election Commission as to how this matter should be handled will be made shortly. You will be notified as soon as the Commission determines what action should be taken. For your information, we have attached a brief description of the Commission's preliminary procedures for the handling of complaints.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Lester N. Scall", is written over the typed name.

Lester N. Scall
Assistant General Counsel

79040133559

Campaign falters

Bennett denies wrongdoing, digs for cash and thinks about Hollywood

By O. CASEY CORR
J-A Political Writer

Rick Bennett was a little busy Friday.

On that day Bennett, a congressional candidate, businessman and movie producer, did these things:

- Met with Republican party leaders who asked him to be nice to his former campaign manager in order to save Bennett's political life.

- Met with potential buyers of the Hagoth Corporation, source of Bennett's wealth and national reputation and now on sale.

- ✓— Discussed with a reporter why the Federal Election Commission in Washington, D.C. has no record of his declared candidacy as required by law. (Apparently the document is victim of a slow mail service.)

The colorful Bennett, driver of a \$30,000 car, owner of an Issaquah home stuffed with electronic gadgets and manufacturer of the lie-detecting Voice Stress Analyzer, is running for Congress in the 3rd District.

Bennett's campaign suffered some shock waves this week when Dick Hamilton, Issaquah resident and Bennett campaign manager, left the campaign charging Bennett with federal election law violations and using the Mormon Church in politics.

BENNETT HAS denied the charges but the dispute prompted a meeting with local party leaders who asked Bennett and Hamilton to curb their tongues.

Hamilton himself is a candidate for the Republican primary in the 47th legislative district.

The meeting reportedly was attended by members of the conservative wing of the Republican

party. They are: Con Butenko, Bob Bristow, Ted Cowan — all active in 3rd District GOP organizations — Chuck Elhart (unsuccessful congressional candidate in 1976), Hamilton and Bennett.

The gist of the meeting was "we have to consider the political reality of hurting each other," Bennett said.

Earlier this week Hamilton, whom Bennett has fired from a job with Hagoth, charged Bennett with paying campaign bills with corporation money.

If true, that is a violation of federal election law, said David Fiske, spokesman for the Federal Election Commission.

Fiske said the FEC would not investigate the matter unless a written, notarized complaint is filed.

Hamilton said Friday he would prepare formal charges over the weekend.

HAMILTON CLAIMS Bennett is using Hagoth equipment, money and employees to help his campaign.

True, Bennett replies, but every contribution or service will be written off as Rick Bennett's personal contribution to the campaign — and so noted on disclosure forms—or Hagoth will bill the campaign.

Bennett's first campaign finance statement is due Sept. 9 in Washington, D.C.

Bennett is upset with Hamilton's second charge — using the Mormon Church for political purposes — because it's not true and it gives the church a bad name, Bennett said.

"It breaks my heart," Bennett said. He maintains he's used contacts within the church, but not the church itself.

"I have indications that the public relations people in the church are really concerned," he said.

Bennett's recent decision to sell

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— Photo by Michael Good

This is Rick Bennett in his "secret weapon": Godzilla. It is a Hagorth-leased computer with a list by precinct of every registered voter in the 3rd Congressional District.

his wholly-owned corporation stems partly from campaign fund-raising troubles.

His projected campaign budget has shriveled \$200,000 to \$30,000.

Bennett's personal contribution, including Hagorth in-kind contributions billed to himself, totals approximately \$12,000, he said.

Outside contributions total approximately \$3,000, he said.

Bennett's is also considering a second mortgage on his Issaquah home to finance the campaign.

Bennett bought an ad in the *The Wall Street Journal* this week offering Hagorth at an undisclosed sales price.

THE AD, claiming the firm had \$1 million in sales in 1977, called for a \$100,000 cash down payment, with the remaining amount negotiable.

Hagorth's only product is the voice stress machine.

Bennett said he's lost interest in the company. If he loses the race against incumbent U.S. Rep. Don Bonker, Bennett will devote himself to film making.

Bennett is now finishing a short feature, *Darth Vader Visits Seattle*, the profits of which will go to the Boy Scouts, he said.

"I've got a lot of irons burning in the movie industry," he said. "If I don't win I'll work with Gary Kurtz (Hollywood producer) in making the

sequel to *Star Wars*.

Bennett decided to sell Hagorth two weeks after making the *Darth Vader* movie this summer. Bennett says he can produce, write and direct movies.

"Howard Hughes did it, why can't I?" he said.

Despite his unsuccessful efforts to shake the political money tree, Bennett says he will beat Bonker.

He figures he only needs to sway 20,000 voters to win. He hints he will do that with a massive, last minute direct mailing designed by a computer in Bennett's home.

HAMILTON AND BENNETT

once close friends and allies in a number of Issaquah-area campaigns, now say bitter things about each other.

Bennett Wednesday called Hamilton a man with no friends. He said he allowed Hamilton to work on his campaign, as a gesture to "an otherwise useless life."

"We almost live across the street from each other," Hamilton said.

Ironically, the former friends will spend a long day with each other Sunday. Both are Mormons and members of the same ward, which will meet all day to discuss God and spiritual lessons in the Bible.

"This ought to be an interesting Sunday," Hamilton said. "Things are going to be strained."



806162

FEDERAL ELECTION COMMISSION
September 8, 1978
GOC# 4874

The Federal Election Commission
1325 K Street N.W.
Washington, D.C. 20463

78 SEP 13 AM 11:35

Gentlemen:

MUR 706

After reading articles printed in the Bellevue Daily Journal-American on August 24 and 26, 1978, I believe there is sufficient evidence of possible violation of the Federal Election Campaign Act to warrant an investigation by the Commission of the campaign for Congress of Rick Bennett, 12350-206th Pl. SE, Issaquah, Washington 98027 (Rick Bennett for Congress, 4221-228th Ave. SE, Issaquah, Wa 98027; Donald S. Bateman, Treasurer).

The alleged violations are: illegal use of corporate funds for political campaign expenditures, co-mingling of corporate funds with political campaign funds, illegal in-kind political contributions by a corporation, and intent to avoid payment of taxes on corporate income.

The evidence supporting this complaint consists of public statements made by Mr. Richard Hamilton, former vice president of marketing for the Hagoth Corporation and campaign manager for Bennett, who apparently possesses campaign records for the Rick Bennett for Congress Committee. Mr. Hamilton's allegations, as I have indicated previously, are contained in newspaper articles dated August 24 and 26, 1978, from the Bellevue (Wa.) Daily Journal-American. (The articles are enclosed.) Mr. Hamilton's allegations include the following:

"Hamilton also charged Bennett with violation of federal election law by paying campaign bills with Hagoth Corporation funds.

"As examples, Hamilton said Bennett wrote two checks Friday--both on Hagoth accounts--to pay for campaign expenses.

"Hamilton said the first check, for \$1000., was listed as corporation expenses but actually Bennett cashed it and transferred the funds to the campaign.

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"The check was noted as an expenses payment to avoid taxation, Hamilton said.

"The second check, for \$100., partially paid for shipping of campaign materials. The rest went back to the company's petty cash fund, Hamilton said."

Mr. Hamilton also alleges that the campaign makes use of a computer leased by the Hagoth Corporation and "said that he has documentation to prove Hagoth was underbilling Bennett's campaign."

The newspaper account further contains the admission by the candidate that at least one check drawn on the corporation was incorrectly identified in the corporation records to prevent corporation employees from realizing that the funds were to be used for Bennett's political campaign.

I am not a candidate for office, although as Chairman of the 47th Legislative District Democratic Precinct Organization I take substantial interest in local and district political activities. I have discussed this complaint with the Bonker for Congress Committee which is aware that it is being filed with you.

Sincerely,

Ava Frisinger
Ava Frisinger

12921-231 Ave. SE

Issaquah, Wa. 98027

*Seen and subscribed to before me
this 9th day of September 1978.*

*Carol A. Fuller
Notary Public in and for
the State of Washington
Residing at Union*

336533104019

Political divorce messy in Issaquah

By O. CASEY CORN
J-A Political Writer

A potent alliance of Mormon men, which had launched Issaquah School Board, legislative and congressional campaigns, split apart this week amid charges of election and tax law violations and death wishes.

The break occurred when Dick Hamilton, manager of Rick Bennett's 3rd District congressional campaign, said he could no longer tolerate Bennett's mingling of corporate and campaign funds.

Rick Bennett of Issaquah is president of Hagoth Corp. and candidate for the Republican nomination for the congressional seat held by Democrat Don Bonker.

Hamilton, Hagoth vice president for marketing, was fired Monday by Bennett.

Hamilton and Bennett were key strategists in the election of Ed Dittmar, a Hagoth sales manager, and Mike Smith to the Issaquah

School Board last fall.

Dittmar's resignation two weeks ago from Hagoth stemmed from conflicts with Hamilton, Bennett said.

All four — Hamilton, Bennett, Smith, and Dittmar — are Mormons, a fact that led to charges of a Mormon political conspiracy in Issaquah.

The charges have been consistently denied.

Hamilton said Tuesday he resigned from his post in Bennett's campaign because Bennett was violating federal election law by diverting corporate money into the campaign. Hamilton also charged Bennett with using the Mormon Church to raise campaign funds.

"HE NOW has an inspired effort to mobilize the Mormon Church in the last two weeks of the campaign to put out a mailing," Hamilton said of Bennett.

Last fall Bennett used a mailing

strategy in Dittmar's and Smith's school board campaign. Thirteen thousand postcards were sent to Issaquah residents.

Bennett said Tuesday his congressional campaign was making use of contacts in the church, but not the church itself.

Bennett, who began his campaign in July, said traditional sources of campaign workers had "dried up" so he had no choice but to seek other Mormons.

Hamilton said Bennett sent letters to local Mormon bishops and stake presidents asking for support.

"Hamilton claims it gives credence to a Mormon conspiracy," Bennett said. "The Mormon Church is simply a peer group. I had to go after them just as I'd go after the Kiwanians or Rotarians."

"Between 20 to 30 percent of my campaign workers are Mormon," Bennett said.

Hamilton also charged Bennett with violation of federal election law

by paying campaign bills with Hagoth Corporation funds.

He said he had "no choice" but to file a complaint with the proper authorities.

Hamilton said he spoke Friday to Bennett about alleged violations but Bennett refused to discuss it.

As examples, Hamilton said, Bennett wrote two checks Friday — both on Hagoth accounts — to pay for campaign expenses.

Hamilton said the first check, for \$1,000, was listed as corporation expenses but actually Bennett cashed it and transferred the funds to the campaign.

The check was noted as an expenses payment to avoid taxation, Hamilton said.

The second check, for \$100, partially paid for shipping of campaign materials. The rest went back to the company's petty cash fund, Hamilton said.

BENNETT, DENYING any

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violation of election laws, said corporate funds were first transferred to him — at which point he listed them as personal income and gave them to the campaign.

"I can contribute an unlimited amount of my own money to the campaign," Bennett said. "We just have to keep careful records, that's all."

He said some Hagoth employees were upset that he was transferring company money to the campaign so he listed the \$1,000 check as an expenses payment. That way his employees wouldn't know the money was actually going to the campaign, he said.

He added he would pay income taxes on all the checks.

Bennett said his campaign also used a computer leased by Hagoth.

Bennett called the machine his "secret weapon" in the campaign. Hagoth will bill the campaign for its use, he said.

Hamilton, a 47th District state legislative candidate, said he had documentation to prove Hagoth was underbidding Bennett's campaign.

"A violation of federal election laws is a serious matter if you keep quiet," Hamilton said. "In the last couple of weeks I became convinced Richard wants the (congressional) office for power and glory and the pay check."

"None of those has anything to do with public service. He has a gigantic ego."

Bennett said Hamilton "has totally left reality. Dick's burned

more bridges than anyone I've met. I've been the only friend he's had for years."

"Having Dick on the campaign was a tremendous liability. But for him it was the most useful thing in an otherwise useless life."

The feud between Hamilton and Bennett and Hamilton and Dittmar could cripple the political future of all three men.

Dittmar, along with two other Issaquah School Board members, faces a recall vote next month.

"The alliances aren't falling apart," Bennett said. "What's falling apart is Hamilton. The world will get along better without him."

Bellevue Journal-American

8-24-78

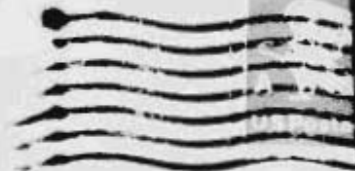
Political Divorce.....continued

& Mrs. Wm. R. Fritinger
21 231 Ave. SE
Aquash, Washington 98027

Federal Election Commission

1325 K Street NW

Washington, D.C. 20463



17 SEP 1972 AM 11:33

9040133566

79040133567

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Avenue, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bateman:

The Federal Election Commission has received a complaint which alleges your committee committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that your committee may have accepted corporate funds and in-kind corporate contributions from the Hagorth Corporation.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that your Committee violated Section 110.4(c)(2) of the Commission's Regulations. Specifically, it appears that the Committee, on or about July 21 and on August 8 and 16, 1978, accepted and retained a total of \$5,100 in cash loans from the candidate. In this regard, a copy of the relevant page from the candidate's report is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact, Miriam Aguiar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a) (3) (B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

79040133568

MA

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Richard H. Bennett, Jr.
12350 - 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges you committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matter alleged in the complaint state a violation of 2 U.S.C. §441b. Specifically, it appears that you may have used \$12,000 in corporate funds for political campaign expenditures and accepted in-kind contributions from the Hagorth Corporation.

Additionally, based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Commission has reason to believe that you violated Section 441g of the Act. Specifically, it appears from your reports that on July 21, and on August 8 and 16, 1978, you loaned a total of \$5,100 in cash to your Committee.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

79040133569

The Commission is under a duty to investigate this matter expeditiously therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact, Miriam Aguilar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

79040133570

7904013357
Mr. Richard H. Bennett
President, Hagoth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706

Dear Mr. Bennett:

The Federal Election Commission has received a complaint which alleges Hagoth Corporation ("Hagoth") committed certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 706.

The Commission has reason to believe that the matters alleged in the complaint state violations of 2 U.S.C. §441b. Specifically, it appears that Hagoth made monetary and in-kind contributions to you as a candidate, and to your campaign committee, Rick Bennett for Congress, in violation of §441b(a) of the Act.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Additionally, please submit answers to the enclosed questions. Where appropriate, statements should be submitted under oath.

The Commission is under a duty to investigate this matter expeditiously. Therefore, your response should be submitted within ten days after your receipt of this notification.

If you have any questions, please contact Miriam Aguilar, the staff member assigned to this matter, at 202-523-4052.

This matter will remain confidential in accordance with 2 U.S.C. Section 437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public.

If you intend to be represented by counsel in this matter, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

Enclosures

79040133572

JK

79040133573

Ms. Ava Frisinger
12821 - 231 Ave., S.E.
Issaquah, WA 98027

Re: MUR 706(78)

Dear Ms. Frisinger:

This is in response to your complaint filed with the Commission on 9 September 1978 in which you alleged that Mr. Richard Bennett, Jr., violated the Federal Election Campaign Act of 1971, as amended ("the Act") by using corporate funds to pay campaign expenses and accepting in-kind corporate contributions from Hagoth Corporation.

The Commission found reason to believe that Richard Bennett, the Rick Bennett for Congress Committee ("the Committee") and Hagoth Corporation had violated 2 U.S.C. §441b with regard to corporate funds which may have been used in Mr. Bennett's federal election campaign.

Based on the investigation then conducted, the Commission found no reasonable cause to believe that Mr. Bennett, the Committee and Hagoth Corporation violated §441b of the Act. Therefore, on April 1 March 1979, the Commission determined to close the file in this matter.

If additional information comes to your attention which you believe establishes a violation of the Act, please contact me. Further, should you have any questions regarding this matter, please contact Miriam Aguilar, the staff member assigned to this matter at 202-323-4057.

Sincerely,

William C. Oldaker
General Counsel

WCO 12/79

79040133574

Mr. F.V. Plastino
President, Hagorth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Re: MUR 706(78)

Dear Mr. Plastino:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that Hagorth Corporation violated 2 U.S.C. 3441b. Therefore, on March 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguilar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel

WPA 4/5/79

79040133575

Richard H. Bennett, Jr.
12350 206th Place, S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bennett:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that you violated 2 U.S.C. §441b and §441g. Therefore, on ~~May~~ ^{March} 1979, the Commission voted to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguilar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel

NA 1/3/79

79040133576

Mr. Donald S. Bateman
Treasurer, Rick Bennett for
Congress
4221 228th Ave. S.E.
Issaquah, WA 98027

Re: MUR 706 (78)

Dear Mr. Bateman:

This is to advise you that after concluding its investigation, the Commission found no reasonable cause to believe that the Rick Bennett for Congress Committee violated 2 U.S.C. §441b and 11 CFR §110.4(c) (2). Therefore, on April 1, 1979, the Commission determined to close the file on the matter referred to above.

Should you have any questions regarding this matter, please contact Miriam Aguilar, the staff member assigned to this matter at 202-523-4057.

Sincerely,

William C. Oldaker
General Counsel

130 4/3/79



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20543

THIS IS THE BEGINNING OF MUR # 706

Date Filmed 6/14/79 Camera No. --- 2

Cameraman SPC

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 706.

79010151974



706



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1979

Ms. Ava Frisinger
12921 - 231 Ave., S.E.
Issaquah, WA 98027

Dear Ms. Frisinger:

The General Counsel's office has received a request for a copy of the General Counsel's Report in MUR 706. As the file is now part of the public record, we are able to comply with the request. We have enclosed a copy of the report for your information.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. C. Oldaker", is written over the typed name.

William C. Oldaker
General Counsel

Enclosure

5 9 7 5 1 5 1 9 7 5



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1979

Mr. Richard H. Bennett, Jr.
12350 206th Place, S.E.
Issaquah, WA 98027

Dear Mr. Bennett:

The General Counsel's office has received a request for a copy of the General Counsel's Report in MUR 706. As the file is now part of the public record, we are able to comply with the request. We have enclosed a copy of the report for your information.

Sincerely,

A handwritten signature in cursive script, which appears to read "W. C. Oldaker", is written over the typed name.

William C. Oldaker
General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1979

Mr. Donald Bateman
Treasurer, Rick Bennett
for Congress
4221 228th Ave., S.E.
Issaquah, WA 98027

Dear Mr. Bateman:

The General Counsel's office has received a request for a copy of the General Counsel's Report in MUR 706. As the file is now part of the public record, we are able to comply with the request. We have enclosed a copy of the report for your information.

Sincerely,

A handwritten signature in cursive script, which appears to read "W. C. Oldaker", is written over the typed name.

William C. Oldaker
General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1979

Mr. P.V. Plastino
President, Hagorth Corporation
85 N.W. Alder Place
Issaquah, WA 98027

Dear Mr. Plastino:

The General Counsel's office has received a request for a copy of the General Counsel's Report in MUR 706. As the file is now part of the public record, we are able to comply with the request. We have enclosed a copy of the report for your information.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. C. Oldaker", is written over the typed name.

William C. Oldaker
General Counsel

Enclosure

0410151978



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 1, 1979

Mr. Richard Hamilton
12509 - 206th Place, S.E.
Issaquah, WA 98027

Dear Mr. Hamilton:

Enclosed you will find a copy of the General
Counsel's Report in MUR 706, pursuant to your request.
As the file is now part of the public record, we are
able to forward a copy to you.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. C. Oldaker", is written over the typed name.

William C. Oldaker
General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

END OF ADDITIONAL MATERIAL FOR CLOSED MUR 706.

79040151980

