



FEDERAL ELECTION COMMISSION

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

THIS IS THE END OF MUR # 886

Date Filmed 12/10/79 Camera No. --- 2

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MUR 886

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..... C
 - ☐ Show to whom, date, and address of delivery..... C
 - ☐ RESTRICTED DELIVERY
Show to whom and date delivered..... C
 - ☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery..... C
(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

John D. Grad, Esquire

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	94312	

(Always obtain signature of addressee or agent)

I have received the article described above:

SIGNATURE ☐ Addressee ☒ Authorized agent

DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:



CLERK'S INITIALS

GPO: 1977-0-248-000

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
American Party of the
United States
The American Party of
New Carrollton
Liberty Lobby, Inc.

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MUR 886

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on November 8, 1979, the Commission decided by a vote of 6-0 to take the following actions regarding the above-captioned matter:

1. Approve the letters to John Grad and John Henderson (Attachments to the Memorandum to the Commission dated November 1, 1979).
2. Give final approval to the three Conciliation Agreements attached to the above-named memorandum.

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

Attest:

11/9/79

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Received in Office of the Commission Secretary: 11-6-79, 12:55
Circulated on 48 hour vote basis: 11-6-79, 4:00

70010170043

November 6, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached Memo distributed to the
Commission on a 48 hour tally basis.

Thank you.

70010170044



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 NOV 6 P12:55

November 1, 1979

MEMORANDUM TO: The Commission

FROM: William C. Oldaker
General Counsel

BY: Charles N. Steele
Associate General Counsel

SUBJECT: Conciliation Agreements - MUR 886

Attached for approval by the Commission are signed conciliation agreements from the various Respondents in MUR 886. Also attached for approval are letters to be sent to John Grad and John Henderson.

The Commission approved the proposed agreements for the American Party of the United States and the American Party of New Carrollton on July 19, 1979. The Commission also approved the joint agreement for Willis Carto and Liberty Lobby, Inc., on September 5, 1979; however, it should be noted that the last sentence of the first paragraph of the agreement was added at the Commission's direction in Executive Session on October 10, 1979.

Upon final approval of these agreements, MUR 886 will be closed.

Attachments

Agreement from American Party of U.S.
Agreement from American Party of New Carrollton
Agreement from Willis Carto and Liberty Lobby
Proposed letter to Grad
Proposed letter to Henderson

79010170043

10813

ATTACHMENT I

Donaldson

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
American Party of
the United States

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of the United States, violated 2 U.S.C. §441b (a) by accepting a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. John Henderson, an agent of the American Party of the United States, accepted a corporate loan of \$3000 from Liberty Lobby, Inc. to finance a direct mail fundraising effort.

Therefore, respondent agrees:

770010170046

- I. Respondent's action in accepting a loan from Liberty Lobby, Inc. was in violation of 2 U.S.C. §441b(a).
- II. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agree-

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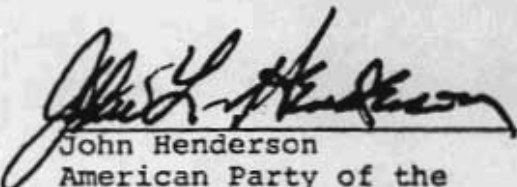
ment to implement and comply with the requirements
contained herein, or so notify the Commission.

Date

William C. Oldaker
General Counsel

8-6-79

Date


John Henderson
American Party of the
United States

79040170048

ATTACHMENT # 300 10730
BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
The American Party of)
New Carrollton)

MUR 886

CONCILIATION AGREEMENT

70010170049

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of New Carrollton, violated 2 U.S.C. §441f by accepting a corporate contribution made under another's name.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That the American Party of New Carrollton reported a \$3000 loan from Consulting Research and Development, an authorized committee of the American Party of the United States. The source of this loan was actually Liberty Lobby, Inc., a fact of which

Mr. John Henderson, the individual handling this transaction was aware.

Therefore, respondent agrees:

- I. Respondent's action in failing to properly identify Liberty Lobby, Inc. as the source of the \$3000 loan and listing Consulting Research and Development as the leader was in violation of 2 U.S.C. §441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

77040170050

III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

720043170051
Date

William C. Oldaker
General Counsel

Date

John Henderson
American Party of New
Carrollton

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Willis Carto and)
Liberty Lobby, Inc.)

MUR 886

RECEIVED
FEDERAL ELECTION
COMMISSION
79 OCT 24 PM 12:40

CONCILIATION AGREEMENT

904682

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This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate loan, in effect a contribution. Mr. Carto has alleged that he unknowingly violated 2 U.S.C. § 441f in the above transaction.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

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RECEIVED
FEDERAL ELECTION
COMMISSION
OCT 24 1979

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events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Date: _____

William C. Oldaker
General Counsel

Date: 10/23/79

Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: 10/23/79

Willis A. Carto

70040170054



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

On , 1979, the Commission approved the joint conciliation agreement for Willis Carto and Liberty Lobby, Inc. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4529.

Sincerely,

William C. Oldaker
General Counsel

BY: Charles N. Steele
Associate General Counsel

79010170055



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John L. Henderson
Post Office Box 418
Standardsville, Virginia 22973

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission approved the conciliation agreements for the American Party of the U.S. and the American Party of New Carrollton. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4529.

Sincerely,

William C. Oldaker
General Counsel

BY: Charles N. Steele
Associate General Counsel

72040170056



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 16, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

On November 8, 1979, the Commission approved the joint conciliation agreement for Willis Carto and Liberty Lobby, Inc. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4057.

Sincerely,

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

Charles N. Steele
Acting General Counsel

77010170057

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

11/16/79

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

On , 1979, the Commission approved the joint conciliation agreement for Willis Carte and Liberty Lobby, Inc. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4529.

Sincerely,

William C. Oldaker
General Counsel

13/

-BT: Charles N. Steele
Associate General Counsel

ACT: 19

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SD
11-13-79

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION
COMMISSION

79 OCT 24 PM 12:40

MUR 886

In the Matter of)
Willis Carto and)
Liberty Lobby, Inc.)

CONCILIATION AGREEMENT

904682

79040170059
This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate loan; in effect a contribution. Mr. Carto has alleged that he unknowingly violated 2 U.S.C. § 441f in the above transaction.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

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RECEIVED
FEDERAL ELECTION
COMMISSION

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events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

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III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

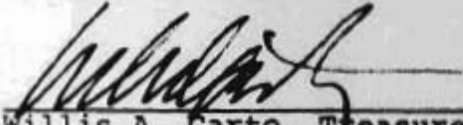
IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

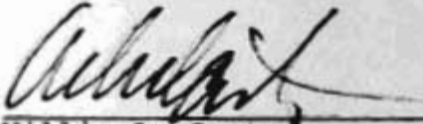
Date: 11/13/79


Charles N. Steele
Acting General Counsel

Date: 10/23/79


Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: 10/23/79


Willis A. Carto

79040170061



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 16, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John L. Henderson
Post Office Box 418
Standardsville, Virginia 22973

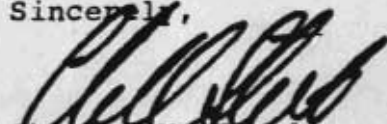
Re: MUR 886

Dear Mr. Henderson:

On November 8, 1979, the Commission approved the conciliation agreements for the American Party of the U.S. and the American Party of New Carrollton. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4057.

Sincerely,


Charles W. Steele
Acting General Counsel

79040170062

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

11/16/79

Mr. John L. Henderson
Post Office Box 418
Standardsville, Virginia 22973

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission approved the conciliation agreements for the American Party of the U.S. and the American Party of New Carrollton. Accordingly, our files have been closed in this matter.

Should you have any further questions, please contact Susan Donaldson at (202) 523-4529.

Sincerely,

~~William C. Oideker~~
~~General Counsel~~

15/

~~Dr.~~ Charles N. Steele
Associate General Counsel
Acting

SD
11-13-79

72010170063

REC-10813

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
American Party of
the United States

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of the United States, violated 2 U.S.C. §441b (a) by accepting a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. John Henderson, an agent of the American Party of the United States, accepted a corporate loan of \$3000 from Liberty Lobby, Inc. to finance a direct mail fundraising effort.

Therefore, respondent agrees:

77712170064

- I. Respondent's action in accepting a loan from Liberty Lobby, Inc. was in violation of 2 U.S.C. §441b(a).
- II. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agree-

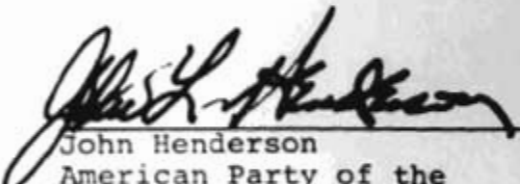
72040170065

ment to implement and comply with the requirements
contained herein, or so notify the Commission.

11/13/79
Date


Charles N. Steele
Acting General Counsel

8-6-79
Date


John Henderson
American Party of the
United States

79040170066

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CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of New Carrollton, violated 2 U.S.C. §441f by accepting a corporate contribution made under another's name.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That the American Party of New Carrollton reported a \$3000 loan from Consulting Research and Development, an authorized committee of the American Party of the United States. The source of this loan was actually Liberty Lobby, Inc., a fact of which

79040170067

Mr. John Henderson, the individual handling this transaction was aware.

Therefore, respondent agrees:

- I. Respondent's action in failing to properly identify Liberty Lobby, Inc. as the source of the \$3000 loan and listing Consulting Research and Development as the leader was in violation of 2 U.S.C. §441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79010170069

III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

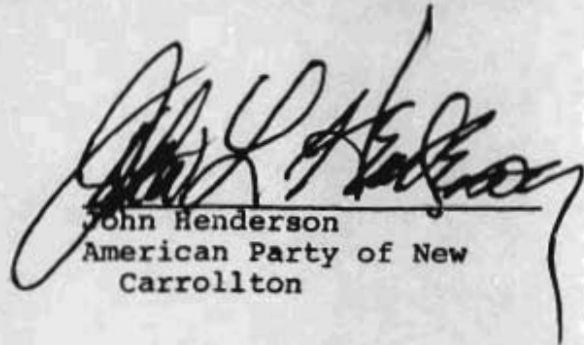
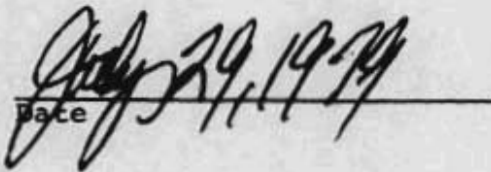
11/13/79

Date



Charles W. Steele
Acting General Counsel

Date



John Henderson
American Party of New
Carrollton

79040170069

LIBERTY LOBBY
308 INDEPENDENCE AVE., S.E.
WASHINGTON, D. C. 20003



Mr. William C. Oldaker
General Counsel
Federal Election Commission
Washington, D. C. 20463



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 17, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886 - Willis Carto
and Liberty Lobby, Inc.

Dear Mr. Grad:

On October 10, 1979, the Commission reviewed the conciliation agreement dated September 18, 1979, which you submitted for your client. The Commission approved the agreement with the exception of the insertion of the word "unknowingly" in the first paragraph of the agreement.

In order to accommodate Mr. Carto as well as the Commission and finalize this matter, we have deleted the word unknowingly from the first sentence of the agreement, and inserted a second sentence stating that "Mr. Carto has alleged that he unknowingly violated 2 U.S.C. § 441f in the above transaction."

If Mr. Carto agrees to this minor change, please have him sign and return it to the Commission within 10 days of your receipt of this letter. Should you have any questions, please call Susan Donaldson at 523-4529.

Sincerely,

William G. Oldaker
General Counsel

Enclosure

cc - Willis Carto

220067100067

MUR 886

PS Form 3811, Apr. 1977

1. 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:

John D. Grad, Esquire

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	943100	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☒ Addressee ☐ Authorized agent

4. DELIVERY

5. ALTERNATE (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

INITIALS
SC

U.S. POSTAL SERVICE
JUN 1977
NEW YORK, N.Y.

FEDERAL DELIVERY

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STARPO 1977-0-249-800

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Willis Carto and) MUR 886
Liberty Lobby, Inc.)

CONCILIATION AGREEMENT

79010170073
This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate loan, in effect a contribution. Mr. Carto has alleged that he unknowingly violated 2 U.S.C. § 441f in the above transaction.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: _____

Willis A. Carto

79040170075



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: FILE ON MUR 886 *mwe*
FROM: MARJORIE W. EMMONS
DATE: OCTOBER 10, 1979
SUBJECT: ACTION TAKEN AT COMMISSION EXECUTIVE
SESSION OF THIS DATE ON ABOVE MATTER

Without objection the General Counsel withdrew the
September 28, 1979 report in this matter in order to make
revisions and circulate the revised report on a tally vote
basis .

72040170078



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *mwe*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY
DATE: OCTOBER 2, 1979
SUBJECT: ADDITIONAL OBJECTION TO MUR 886

Attached is a copy of Commissioner Reiche's
vote sheet with comments regarding his objection to
MUR 886.

ATTACHMENT:
Copy of Vote Sheet

770010170077



FEDERAL ELECTION COMMISSION

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

79 OCT 2 9:09

Date and Time Transmitted: 9-28-79
2:00

Commissioner FRIEDERSDORF, AIKENS, TIERNAN, MCGARRY, REICHE, HARRIS

RETURN TO OFFICE OF COMMISSION SECRETARY BY: 10-2-79
2:00

MUR No. 886 Memo f/ OGC with Conciliation Agreements dated 9-28-79

- () I approve the recommendation
(☒) I object to the recommendation

COMMENTS: Is it the practice of the Commission
not to impose a fine under such
circumstances?

Date: 10/1/79 Signature: Frank P. Reiche

THE OFFICE OF GENERAL COUNSEL WILL TAKE NO ACTION IN THIS MATTER
UNTIL THE APPROVAL OF FOUR COMMISSIONERS IS RECEIVED. PLEASE
RETURN ALL PAPERS NO LATER THAN THE DATE AND TIME SHOWN ABOVE TO
THE OFFICE OF COMMISSION SECRETARY. ONE OBJECTION PLACES THE ITEM
ON THE EXECUTIVE SESSION AGENDA.



79010170078



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE *yn WE*
FROM: MARJORIE W. EMMONS/MARGARET CHANEY *me*
DATE: OCTOBER 1, 1979
SUBJECT: OBJECTION - MUR 886 - Memorandum from OGC
dated 9-28-79; Received in OCS
9-28-79, 10:15

The above-named document was circulated on a 48
hour vote basis at 3:45, September 28, 1979.

Commissioner Harris submitted an objection at
2:52, this date, thereby placing MUR 886 on the Executive
Session Agenda for October 10, 1979.

79010170072



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 SEP 28 A10: 15

September 28, 1979

MEMORANDUM

To: The Commission
From: William C. Oldaker *[Signature]*
Subject: Conciliation Agreements - MUR 886

Attached for approval by the Commission are signed conciliation agreements from the various Respondents in MUR 886.

The Commission approved the proposed agreements for the American Party of the United States and the American Party of New Carrollton on July 19, 1979; and approved the joint agreement for Willis Carto and Liberty Lobby, Inc. on September 5, 1979. It should be noted that Willis Carto made two minor changes on the first page of his conciliation agreement.

Upon final approval of these signed agreements by the Commission, MUR 886 will be closed.

Attachments

Agreement from American Party of U.S.
Agreement from American Party of New Carrollton
Agreement from Willis Carto and Liberty Lobby

72040170031

10813
BEFORE THE FEDERAL ELECTION COMMISSION

Donaldson

In the Matter of
American Party of
the United States

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of the United States, violated 2 U.S.C. §441b (a) by accepting a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. John Henderson, an agent of the American Party of the United States, accepted a corporate loan of \$3000 from Liberty Lobby, Inc. to finance a direct mail fundraising effort.

Therefore, respondent agrees:

73010170082

- I. Respondent's action in accepting a loan from Liberty Lobby, Inc. was in violation of 2 U.S.C. §441b(a).
- II. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agree-

79040170083

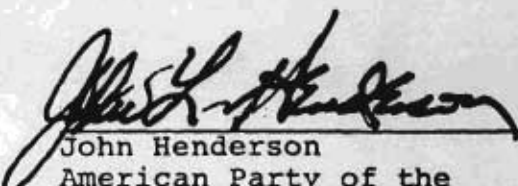
ment to implement and comply with the requirements
contained herein, or so notify the Commission.

Date

William C. Oldaker
General Counsel

Date

8-6-79


John Henderson
American Party of the
United States

79010170084

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
The American Party of
New Carrollton

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of New Carrollton, violated 2 U.S.C. §441f by accepting a corporate contribution made under another's name.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That the American Party of New Carrollton reported a \$3000 loan from Consulting Research and Development, an authorized committee of the American Party of the United States. The source of this loan was actually Liberty Lobby, Inc., a fact of which

Mr. John Henderson, the individual handling this transaction was aware.

Therefore, respondent agrees:

- I. Respondent's action in failing to properly identify Liberty Lobby, Inc. as the source of the \$3000 loan and listing Consulting Research and Development as the leader was in violation of 2 U.S.C. §441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

72010170086

III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

79040170087
Date

William C. Oldaker
General Counsel

July 29, 1979
Date

John Henderson
American Party of New
Carrollton

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Willis Carto and
Liberty Lobby, Inc.

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate ^{unknowingly} ^{loan, in effect a} contribution. *will* *will*

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437q(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

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events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

79010170089

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Date: _____

William C. Oldaker
General Counsel

Date: 9/18/79

Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: 9/18/79

Willis A. Carto

73010170090



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 7, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

This letter will confirm the Commission's receipt of your letter and revised agreement regarding MUR 886. On September 5, 1979, the Commission reviewed your revised agreement and agreed to the following.

The Commission agreed to combine the two agreements; to accept your changes to paragraph I (page 1); and to delete paragraph III of the General Conditions.

The Commission has also agreed to some of your rewritten "facts" section; however, several changes have been made. According to our evidence and John Henderson's statements, Mr. Henderson was an "agent" of the American Party, and the original source of the \$3,000 loan was Liberty Lobby, Inc. The facts have been rewritten to reflect this information.

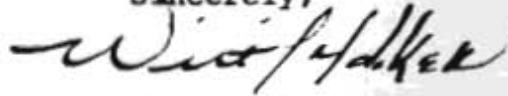
The Respondent's "no contest" plea has been rejected; however, the paragraphs have been rewritten in the counter agreement. Paragraph II of the General Conditions has also been included as you had no objection to its inclusion.

The Commission rejects your deletion of paragraph I of the General Conditions. That paragraph reflects responsibilities of the Commission as mandated by the Act; however, we have used substitute language which should be acceptable to your client. We have also changed your wording in paragraph III (page 3) from "completed" to "effected."

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The Commission would like to settle this matter through a conciliation agreement and has incorporated many of your changes in the counter agreement. If Mr. Carto agrees with the new agreement, please have him sign and return it to the Commission within ten days of your receipt of this letter. Should you have any questions, please call Susan Donaldson at 523-4529.

Sincerely,



William C. Oldaker
General Counsel

Enclosure

cc - Willis Carto

70000700092

REGISTERED MAIL

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:
John D. Grad, Esquire

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
#13808

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Date of Delivery

5. ADDRESS (Complete only if registered)

6. UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

SEP 1978

U.S. POSTAL SERVICE

PS Form 3841, 1-78

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Willis Carto and
Liberty Lobby, Inc.

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437q(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

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events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: _____

Willis A. Carto

79010170093

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

This letter will confirm the Commission's receipt of your letter and revised agreement regarding MUR 886. On September 5, 1979, the Commission reviewed your revised agreement and agreed to the following.

The Commission agreed to combine the two agreements; to accept your changes to paragraph I (page 1); and to delete paragraph III of the General Conditions.

The Commission has also agreed to some of your rewritten "facts" section; however, several changes have been made. According to our evidence and John Henderson's statements, Mr. Henderson was an "agent" of the American Party, and the original source of the \$3,000 loan was Liberty Lobby, Inc. The facts have been rewritten to reflect this information.

The Respondent's "no contest" plea has been rejected; however, the paragraphs have been rewritten in the counter agreement. Paragraph II of the General Conditions has also been included as you had no objection to its inclusion.

The Commission rejects your deletion of paragraph I of the General Conditions. That paragraph reflects responsibilities of the Commission as mandated by the Act; however, we have used substitute language which should be acceptable to your client. We have also changed your wording in paragraph III (page 3) from "completed" to "effected."

SD
4-7-79

- 2 -

The Commission would like to settle this matter through a conciliation agreement and has incorporated many of your changes in the counter agreement. If Mr. Carto agrees with the new agreement, please have him sign and return it to the Commission within ten days of your receipt of this letter. Should you have any questions, please call Susan Donaldson at 523-4529.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

cc - Willis Carto

72010170097

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Willis Carto
Liberty Lobby, Inc.

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MUR 886

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on September 5, 1979, the Commission approved by a vote of 4-0 the recommendation, as set forth in the General Counsel's Memorandum dated August 30, 1979, to send the letter and counter conciliation agreement (Attachment IV to the above-named memorandum) to Willis Carto and his counsel.

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

Attest:

9/5/79

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 8-31-79, 11:17
Circulated on 48 hour vote basis: 8-31-79, 2:00

79010170099

August 31, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached Memo distributed to the
Commission on a 48 hour tally basis.

Thank you.

700000170099



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 AUG 31 11:17

August 30, 1979

MEMORANDUM TO: The Commission

FROM: William C. Oldaker
General Counsel

SUBJECT: MUR 886 - Conciliation Agreement

Attached for consideration by the Commission is a conciliation agreement for Willis Carto and Liberty Lobby, Inc., in settlement of a violation of 2 U.S.C. §§ 441f and 441b(a) which occurred in August, 1975 (Attachment I). John Grad, attorney for the respondents, proposed this revised agreement in place of the agreements approved by the Commission on July 19, 1979 (Attachments II and III). This office has prepared a counter agreement incorporating some, but not all, of Grad's changes (Attachment VI).

Grad has combined the agreements for the two respondents contending that because Willis Carto was to sign both agreements, and because the facts of the two agreements were virtually the same, one agreement would suffice. The single agreement with two signature lines for Mr. Carto individually and as Treasurer of Liberty Lobby, Inc., appears acceptable. (Attachment IV).

As stated by Grad in his August 15, 1979, letter, slight changes have been made to paragraph I (page 1) of the Commission's proposed agreements. This change ("in" for "and") appears acceptable.

Grad has also rewritten the "facts" section of the conciliation agreement (page 2). The parts of that section which appear unacceptable have been underlined. Our evidence indicates that John Henderson was an agent of the American Party, and he should be identified as such. The major change, however, is the deletion of the statement that the \$3,000 loan originated from Liberty Lobby, Inc. That statement has been included in the counter agreement.

In the section of the agreement which calls for an admission of the violation, Grad has proposed a "no contest" plea which has been rejected and rewritten in the counter agreement.

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Grad has deleted paragraph I of the General Conditions on the basis that it gives the Commission carte blanche to enter the records of his clients. Paragraph IV of the counter agreement has been substituted as it has been used in prior agreements approved by the Commission. Paragraphs II and III of the General Conditions were also deleted by Grad. The deletion of paragraph III appears acceptable due to the absence of a civil penalty, however, paragraph II has been included in the counter agreement as Grad had no objection to it.

Finally, Grad has changed the paragraph which calls for the respondents to agree that they will not violate the Act. Grad's wording which reads "Respondents promise ... that ... such transactions will not be completed in the future" has been changed to read "Respondents promise ... that such transactions will not be contemplated or effected in the future."

RECOMMENDATION

1. Send attached letter and counter conciliation agreement (Attachment IV) to Willis Carto and his counsel.

Attachments:

1. Revised Agreement from Grad
2. Proposed Agreement to Carto
3. Proposed Agreement to Liberty Lobby, Inc.
4. Counter Agreement to Grad

70040170101

BEFORE THE FEDERAL ELECTION COMMISSION

In The Matter Of :
Willis Carto and : MUR 886
Liberty Lobby, Inc. :

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. §442b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. §441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.
- II. That respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

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On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then a contractor of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. The evidence, which consists principally of a letter to Mr. Henderson from Mr. Carto, which was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc. Mr. Carto has also stated that any such violation that may have arisen as a result of this loan was a technical one and an oversight, Mr. Carto never having knowingly violated the election laws and particularly not having done so in a purposeful manner in this instance. Mr. Carto also represents that any inadvertent violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. Willis Carto does not contest the Commission's finding of reasonable cause to believe that a violation was committed of 2 U.S.C. §441f by virtue of this transaction.

II. Respondent Liberty Lobby, Inc. does not contest the Commission's finding of reasonable cause to believe that, as a result of this transaction, it violated 2 U.S.C. 441b(a).

79040170103

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be completed in the future.

IV. The effectiveness of this agreement shall be governed by 2 U.S.C. §437g(a)(5) and the respective parties shall have reserved to them their respective duties and rights as enumerated in the Federal Election Act, 2 U.S.C. §441, et seq. in connection with any further matters of a similar nature.

Date:

WILLIAM C. OLDAKER,
General Counsel

Date:

WILLIS A. CARTO,
Liberty Lobby, Inc.

79040170104

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LAW OFFICES
HIRSCHKOP & GRAD, P. C.

P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313

(703) 836-6595

August 15, 1979

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASSBERG
JANIS L. McDONALD
BERNARD J. DIMURO
DAVID J. FUDELLA
GERALDINE R. GENNET *

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N. W.
WASHINGTON, D. C. 20005

* D. C. BAR ONLY

Susan Donaldson, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, Northwest
Washington, D.C. 20463

RE MUR 886

Dear Ms. Donaldson:

As per my phone conversation at the very end of July with Robert Furness, your predecessor on the case, and as per my phone conversation with you on August 15th, I am enclosing with this letter my suggested draft of a Conciliation Agreement which I am prepared to recommend to my client and, as well, my reasons for not liking portions of the Commission's draft.

I would suggest that my objections to the Commission's version can best be understood by reviewing my version in comparison.

First, I have reduced this conciliation to one agreement, it appearing to me that having two agreements is duplicative, particularly as there is no divergence of facts as should appear in your two agreements.

Paragraphs 1 and 2 of my version are basically the same as the Commission's version, except that in Paragraph 1 I have changed your language of "has jurisdiction over respondent" to "has jurisdiction over respondents in the subject matter of this proceeding." I am doing this because I am not willing to concede that the Commission has jurisdiction over the Liberty Lobby as publisher of The Spotlight in connection with the litigation in which the parties are presently engaged, and with this context in mind believe that your initial version is too broad. We are agreeing to concede jurisdiction over the subject matter of this complaint, and I trust that the Commission will have no quarrel with my reasoning, particularly as my version will suffice to give validity to the Conciliation Agreement.

70040170105

Susan Donaldson
Page Two
August 15, 1979

Paragraph 3 I have rewritten to reflect the facts as they absolutely are. The version I have submitted is straight-forward and speaks for itself. I would note that I vigorously object to the Commission's versions which are in divergence, the Liberty Lobby version stating that "the source of the loan was apparently the Liberty Lobby's treasury," the Willis Carto version stating that "the three thousand dollars actually came from the treasury of Liberty Lobby, Inc." My clients will not agree with your versions because they are not consistent but will agree to state the truth about the matter, which is reflected in my version.

There were also some differences with respect to the "therefore, respondents agree" clause on Page 2 of your versions. Our position is that we choose not to contest the Commission's findings based on our belief that if there was a violation it was a technical one and an oversight quite common during this 1975 period when many persons were unaware of the complexity and full scope of the Act. Thus, if the Commission has reasonable cause to believe that a violation was committed, we, believing the matter is essentially trivial, do not choose to contest it. Thus, this is in the nature of a nolo contendere plea which should, I believe, satisfy the Commission.

I also vigorously object to your Paragraph 2 which is an agreement that my clients will not violate the Federal Election Campaign Act. I believe that it is unnecessary and insulting to have my clients agree to obey the law. Obviously, my clients will obey the law and no extraction of a promise to that effect is even necessary or useful. I might point out that I have in the past won favorable settlements against the United States government in several instances in which the government has agreed that it has engaged in the past in unlawful discrimination in some manner or another. I have often requested a paragraph or injunction requiring the government not to discriminate in the future, and my request has always been rejected for the same reasons that I have given you. Indeed, it is my understanding that it is the policy of the Justice Department not to sign any agreements that state that the government will obey the law. Inasmuch as this is the policy of the government when it is charged with some wrongdoing, I see no reason why the government now seeks to extract an agreement from a private party which it itself will not enter into.

Furthermore, that paragraph reduces this entire agreement to a very broad document which is untenable in light of the present litigation. Under your "General Conditions" section, the Commission is given power to review compliance "with this agreement" on its own motion. Presumably, this would give the

79040170106

Susan Donaldson
Page Three
August 15, 1979

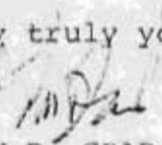
Commission carte blanche to enter into the records of my clients any time it believes that somehow my clients are not properly following the dictates of the Federal Election Campaign Act of 1971. My clients' agreement to such a procedure would abrogate their rights under the Federal Election Campaign Act to due process as provided in that Act, a situation which I will not or cannot agree to. I am sure that the Commission will be understanding about this, particularly in view of the present litigation, and drop its insistence on this paragraph.

In your "General Conditions" section, my objection to your Paragraph 1 I have stated. I think that paragraph is unnecessary and have substituted it with my Paragraph 4 which reserves to the Commission its rights, powers and duties under the Act, as it similarly does for my clients.

Paragraph 2 of your "General Conditions" I have no objection to, although I did leave it out of my draft as being, in my view, unnecessary. If the legal staff feels that it wants your Paragraph 2 in, I have no problem with that. Paragraph 3 of your "General Conditions" I do have a problem with, as I am not sure what has to be implemented within thirty days. If you could enlighten me as to what is being implemented I would be happy to consider that paragraph in the Conciliation Agreement, but have left it out of my draft while awaiting word from you.

Should you have any questions, please feel free to call.

Very truly yours,


JOHN D. GRAD

JDG/jam
Encl.

79010170107

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Willis Carto) MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Mr. Willis Carto, violated 2 U.S.C. § 441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. That the pertinent facts in this matter are as follows:

That on August 28, 1975, Mr. Willis Carto made a personal \$3000 loan to Mr. John Henderson of the American Party of the United States to start a direct mail campaign. The \$3000 actually came from the treasury of Liberty Lobby, Inc.

70012170108

Therefore, respondent agrees:

- I. Respondent's action in making a corporate loan under his own name was in violation of 2 U.S.C. § 441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79010170109

III. It is agreed that respondent shall have no more than thrity (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto

79010170110

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Liberty Lobby, Inc.

)
)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Liberty Lobby, Inc., violated 2 U.S.C. § 441b(a) by making a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That on August 28, 1975, Mr. Willis Carto, the treasurer of Liberty Lobby, Inc., loaned \$3000 to Mr. John Henderson of the American Party of the United States to initiate a direct mail campaign. The source of the loan was apparently the Liberty Lobby treasury.

77040170111

Therefore, respondent agrees:

- I. Respondent's action in lending \$3000 to Mr. Henderson was in violation of 2 U.S.C. § 441b(a).
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79010170112

III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto
Liberty Lobby, Inc.

7 3 0 1 3 1 7 0 1 1 3



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John D. Grad, Esquire
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

This letter will confirm the Commission's receipt of your letter and revised agreement regarding MUR 886. On , 1979, the Commission reviewed your revised agreement and agreed to the following.

The Commission agreed to combine the two agreements; to accept your changes to paragraph I (page 1); and to delete paragraph III of the General Conditions.

The Commission has also agreed to some of your rewritten "facts" section; however, several changes have been made. According to our evidence and John Henderson's statements, Mr. Henderson was an "agent" of the American Party, and the original source of the \$3,000 loan was Liberty Lobby, Inc. The facts have been rewritten to reflect this information.

The Respondent's "no contest" plea has been rejected; however, the paragraphs have been rewritten in the counter agreement. Paragraph II of the General Conditions has also been included as you had no objection to its inclusion.

The Commission rejects your deletion of paragraph I of the General Conditions. That paragraph reflects responsibilities of the Commission as mandated by the Act; however, we have used substitute language which should be acceptable to your client. We have also changed your wording in paragraph III (page 3) from "completed" to "contemplated or effected."

73040170114

The Commission would like to settle this matter through a conciliation agreement and has incorporated many of your changes in the counter agreement. If Mr. Carto agrees with the new agreement, please have him sign and return it to the Commission within ten days of your receipt of this letter. Should you have any questions, please call Susan Donaldson at 523-4529.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

cc - Willis Carto

72040170115

LAW OFFICES
HIRSCHKOP & GRAD, P.C.
P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313
(703) 836-8595

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASBERG
JANIS L. McDONALD

September 21, 1979

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N. W.
WASHINGTON, D.C. 20005

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

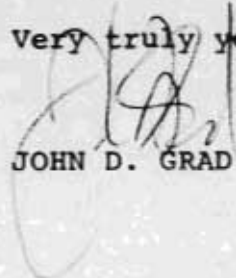
RE MUR 886

Dear Mr. Oldaker:

Mr. Carto and I reviewed the Commission's latest draft of the Conciliation Agreement in the above-captioned MUR. After our review, Mr. Carto has agreed to sign your draft with the exception of two minor changes that he has penned in and initialed on the first page of the Agreement. I am sure these will present no problems for the Commission. Accordingly, I am forwarding with this letter an original signed copy for your execution and signature.

This will finalize this matter and I appreciate your cooperation.

Very truly yours,


JOHN D. GRAD

JDG/jam
Encl.

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1197
RECEIVED
FEDERAL ELECTION
COMMISSION

79 SEP 24 AM 11:14

5 4807

72040170115

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Willis Carto and
Liberty Lobby, Inc.

)
)
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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. § 441f by using his name to effect a corporate contribution. *unknowingly* *loan in effect a*

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to § 437q(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then an agent of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the

70010170117

events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. A letter which Mr. Carto alleges was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, presumably at Mr. Carto's direction, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc., the original source of the \$3,000 in question. Mr. Carto states that he did not knowingly violate the election laws. Mr. Carto also represents that any violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. By virtue of the above transaction, Respondent Willis Carto committed a violation of 2 U.S.C. § 441f.

II. By virtue of the above transaction, Respondent Liberty Lobby, Inc., committed a violation of 2 U.S.C. 441b(a).

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be effected in the future.

IV. This agreement is entered into in accordance with 2 U.S.C. § 437g(a)(5)(A), and unless violated, shall constitute a complete bar to any further action by the Commission with regard to the matters set forth in this agreement.

77040170118

V. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

Date: _____

William C. Oldaker
General Counsel

Date: 9/18/79

Willis A. Carto, Treasurer
Liberty Lobby, Inc.

Date: 9/18/79

Willis A. Carto

72040170119

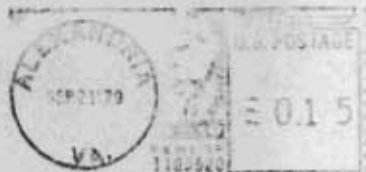
79010170120
LAW OFFICES

HIRSCHKOP & GRAD, P. C.

P. O. BOX 1226

108 NORTH COLUMBUS STREET

ALEXANDRIA, VIRGINIA 22313



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



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS *MJE by pc*
DATE: AUGUST 17, 1979
SUBJECT: MUR 886 - Interim Conciliation Report
dated 8-15-79; Received in
OCS 8-16-79, 9:55

The above-named document was circulated to the Commission on a 24-hour no-objection basis at 4:00, August 16, 1979.

There were no objections to the Interim Conciliation Report

79040170121

August 16, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached Interim Concil Report
on MUR 886 distributed to the Commission.

Thank you.

70010170122

79 AUG 16 A 9: 55

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Willis Carto)

John Henderson)

American Party of New Carrollton)

Liberty Lobby)

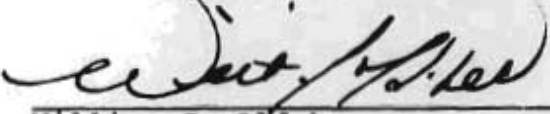
MUR 886

INTERIM CONCILIATION REPORT

The Commission, on July 19, 1979, found reasonable cause to believe that Liberty Lobby and the American Party of the U.S. (through John Henderson) violated 2 U.S.C. § 441b(a); and that Willis Carto and the American Party of New Carrollton violated 2 U.S.C. § 441f. Proposed conciliation agreements were sent to the Respondents.

We have received signed conciliation agreements from John Henderson and the American Party of New Carrollton in settlement of these matters. John Grad, attorney for Liberty Lobby and Willis Carto, stated on August 15, 1979, that he is currently drafting revised agreements for his clients. He expects to have these agreements to the Commission by August 20, 1979. A report will be made to the Commission shortly after receipt of the revised agreements.

8/15/79
Date


William C. Oldaker
General Counsel

770010170123

ACC
10909
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LAW OFFICES
HIRSCHKOP & GRAD, P. C.
P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313
(703) 836-6595

PHILIP J. HIRSCHKOP
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LEONARD S. RUBENSTEIN
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JANIS L. McDONALD
BERNARD J. DIMURO
DAVID J. FUELLA
GERALDINE R. GENNET

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N. W.
WASHINGTON, D. C. 20005

August 15, 1979

*D. C. BAR ONLY

Susan Donaldson, Esquire
Office of the General Counsel
Federal Election Commission
1325 K Street, Northwest
Washington, D.C. 20463

RE MUR 886

Dear Ms. Donaldson:

As per my phone conversation at the very end of July with Robert Furness, your predecessor on the case, and as per my phone conversation with you on August 15th, I am enclosing with this letter my suggested draft of a Conciliation Agreement which I am prepared to recommend to my client and, as well, my reasons for not liking portions of the Commission's draft.

I would suggest that my objections to the Commission's version can best be understood by reviewing my version in comparison.

First, I have reduced this conciliation to one agreement, it appearing to me that having two agreements is duplicative, particularly as there is no divergence of facts as should appear in your two agreements.

Paragraphs 1 and 2 of my version are basically the same as the Commission's version, except that in Paragraph 1 I have changed your language of "has jurisdiction over respondent" to "has jurisdiction over respondents in the subject matter of this proceeding." I am doing this because I am not willing to concede that the Commission has jurisdiction over the Liberty Lobby as publisher of The Spotlight in connection with the litigation in which the parties are presently engaged, and with this context in mind believe that your initial version is too broad. We are agreeing to concede jurisdiction over the subject matter of this complaint, and I trust that the Commission will have no quarrel with my reasoning, particularly as my version will suffice to give validity to the Conciliation Agreement.

77040170124

Susan Donaldson
Page Two
August 15, 1979

Paragraph 3 I have rewritten to reflect the facts as they absolutely are. The version I have submitted is straight-forward and speaks for itself. I would note that I vigorously object to the Commission's versions which are in divergence, the Liberty Lobby version stating that "the source of the loan was apparently the Liberty Lobby's treasury," the Willis Carto version stating that "the three thousand dollars actually came from the treasury of Liberty Lobby, Inc." My clients will not agree with your versions because they are not consistent but will agree to state the truth about the matter, which is reflected in my version.

There were also some differences with respect to the "therefore, respondents agree" clause on Page 2 of your versions. Our position is that we choose not to contest the Commission's findings based on our belief that if there was a violation it was a technical one and an oversight quite common during this 1975 period when many persons were unaware of the complexity and full scope of the Act. Thus, if the Commission has reasonable cause to believe that a violation was committed, we, believing the matter is essentially trivial, do not choose to contest it. Thus, this is in the nature of a nolo contendere plea which should, I believe, satisfy the Commission.

I also vigorously object to your Paragraph 2 which is an agreement that my clients will not violate the Federal Election Campaign Act. I believe that it is unnecessary and insulting to have my clients agree to obey the law. Obviously, my clients will obey the law and no extraction of a promise to that effect is even necessary or useful. I might point out that I have in the past won favorable settlements against the United States government in several instances in which the government has agreed that it has engaged in the past in unlawful discrimination in some manner or another. I have often requested a paragraph or injunction requiring the government not to discriminate in the future, and my request has always been rejected for the same reasons that I have given you. Indeed, it is my understanding that it is the policy of the Justice Department not to sign any agreements that state that the government will obey the law. Inasmuch as this is the policy of the government when it is charged with some wrongdoing, I see no reason why the government now seeks to extract an agreement from a private party which it itself will not enter into.

Furthermore, that paragraph reduces this entire agreement to a very broad document which is untenable in light of the present litigation. Under your "General Conditions" section, the Commission is given power to review compliance "with this agreement" on its own motion. Presumably, this would give the

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Susan Donaldson
Page Three
August 15, 1979

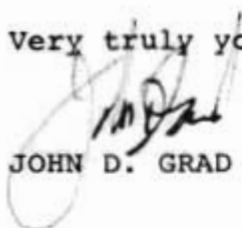
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In your "General Conditions" section, my objection to your Paragraph 1 I have stated. I think that paragraph is unnecessary and have substituted it with my Paragraph 4 which reserves to the Commission its rights, powers and duties under the Act, as it similarly does for my clients.

Paragraph 2 of your "General Conditions" I have no objection to, although I did leave it out of my draft as being, in my view, unnecessary. If the legal staff feels that it wants your Paragraph 2 in, I have no problem with that. Paragraph 3 of your "General Conditions" I do have a problem with, as I am not sure what has to be implemented within thirty days. If you could enlighten me as to what is being implemented I would be happy to consider that paragraph in the Conciliation Agreement, but have left it out of my draft while awaiting word from you.

Should you have any questions, please feel free to call.

Very truly yours,


JOHN D. GRAD

JDG/jam
Encl.

72010170126

BEFORE THE FEDERAL ELECTION COMMISSION

In The Matter Of
Willis Carto and
Liberty Lobby, Inc.

:
:
:
:
:

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent Liberty Lobby, Inc. violated 2 U.S.C. §442b(a) by making a corporate contribution and that respondent Willis Carto violated 2 U.S.C. §441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and the respondents having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

I. That the Federal Election Commission has jurisdiction over respondents in the subject matter of this proceeding.

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

III. That the pertinent facts in this matter are as follows:

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On or about August 28, 1975, Mr. Willis Carto made a loan to Mr. John Henderson personally of \$3,000. Mr. Henderson was then a contractor of the American Party of the United States. While Mr. Carto has no independent recollection at this time of the events, the circumstantial evidence suggests, and Mr. Carto does not contest, that the money was used to start a direct mail campaign in connection with a federal election. The loan was subsequently repaid by Mr. Henderson. The evidence, which consists principally of a letter to Mr. Henderson from Mr. Carto, which was not personally signed by Mr. Carto, but which was signed by Mr. Carto's secretary, indicates that the \$3,000 repayment of the loan was paid to Liberty Lobby, Inc. Mr. Carto has also stated that any such violation that may have arisen as a result of this loan was a technical one and an oversight, Mr. Carto never having knowingly violated the election laws and particularly not having done so in a purposeful manner in this instance. Mr. Carto also represents that any inadvertent violation of the election laws as a result of this transaction is regretted.

Therefore, respondents agree:

I. Willis Carto does not contest the Commission's finding of reasonable cause to believe that a violation was committed of 2 U.S.C. §441f by virtue of this transaction.

II. Respondent Liberty Lobby, Inc. does not contest the Commission's finding of reasonable cause to believe that, as a result of this transaction, it violated 2 U.S.C. 441b(a).

79010170129

III. Respondents promise and represent that, being now aware of the nature of the violations involved in this matter, that such transactions will not be completed in the future.

IV. The effectiveness of this agreement shall be governed by 2 U.S.C. §437g(a)(5) and the respective parties shall have reserved to them their respective duties and rights as enumerated in the Federal Election Act, 2 U.S.C. §441, et seq. in connection with any further matters of a similar nature.

Date:

WILLIAM C. OLDAKER,
General Counsel

Date:

WILLIS A. CARTO,
Liberty Lobby, Inc.

70010170129

LAW OFFICES

HIRSCHKOP & GRAD, P. C.

P. O. BOX 1226

108 NORTH COLUMBUS STREET

ALEXANDRIA, VIRGINIA 22313



Susan Donaldson, Esquire
Office of the General Counsel
1325 K Street, Northwest
Washington, D.C. 20463



FEDERAL ELECTION COMMISSION

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

July 19, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On July 19, 1979, the Commission determined there was reasonable cause to believe that your organization, Liberty Lobby, Inc., committed a violation of 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you made a \$3000 loan to Mr. John Henderson to start a direct mail campaign. This loan apparently came from Liberty Lobby's treasury. Corporate contributions are illegal under this section of the Act.

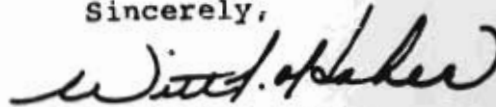
The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,



William C. Oldaker
General Counsel

Enclosure

MAIL ROOM UNIT RETURN RECEIPT REGISTERED, INSURED AND CERTIFIED MAIL

544P 886

1. 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
Willis Court
Liberty, N.Y.

3. ARTICLE DESCRIPTION
REGISTERED NO. 943203 CERTIFIED NO. INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent
R. Ogelsky

4. DATE OF DELIVERY 7/24/29

5. ADDRESS Complete only if item is insured or registered

6. UNABLE TO DELIVER BECAUSE

POSTMARK
JUL 24 1929
SOUTHWEST

U.S. POST OFFICE
NEW YORK, N.Y.

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On , 1979, the Commission determined there was reasonable cause to believe that your organization, Liberty Lobby, Inc., committed a violation of 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you made a \$3000 loan to Mr. John Henderson to start a direct mail campaign. This loan apparently came from Liberty Lobby's treasury. Corporate contributions are illegal under this section of the Act.

v The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

Robert J. Funnell

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

79040170134

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Liberty Lobby, Inc.

)
)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Liberty Lobby, Inc., violated 2 U.S.C. § 441b(a) by making a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That on August 28, 1975, Mr. Willis Carto, the treasurer of Liberty Lobby, Inc., loaned \$3000 to Mr. John Henderson of the American Party of the United States to initiate a direct mail campaign. The source of the loan was apparently the Liberty Lobby treasury.

72040170135

Therefore, respondent agrees:

- I. Respondent's action in lending \$3000 to Mr. Henderson was in violation of 2 U.S.C. § 441b(a).
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79040170136

- 3 -

III. It is agreed that respondent shall have no more than thrity (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto
Liberty Lobby, Inc.

70900170137



FEDERAL ELECTION COMMISSION

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

July 19, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
c/o Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On July 19, 1979, the Commission determined there was reasonable cause to believe that you committed a violation of 2 U.S.C. § 441f of the Federal Election Campaign Act of 1967.

Specifically, the Commission found to believe that you made a \$3000 loan to in your own name. Though Mr. Henderson was a personal loan, the source of the the Liberty Lobby, Inc., treasury.

has a duty to attempt to correct such period of 30 days by informal methods of ciation and persuasion, and by entering into eement. 2 U.S.C. § 437g(a)(5)(B). If we n an agreement during that period, the on a finding of probable cause to believe curred, institute civil suit in United art and seek payment of a civil penalty 000.

conciliation agreement that this office is nd to the Commission in settlement of this ee with the provisions of the enclosed ent, please sign and return it to the en days. I will then recommend that the he agreement. This is a separate matter involving the illegal corporate loan from That violation involves you in an official Lobby's treasurer rather than as an

SENDER: Complete items 1, 2, and 3
Add your address in the "RETURN TO" block 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:
Willis Carto
c/o Liberty Lobby

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
913202

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☒ Authorized agent
R. C. Kelly

DATE OF DELIVERY
7/24/79

5. ADDRESS (Complete only if necessary)

6. UNABLE TO DELIVER BECAUSE

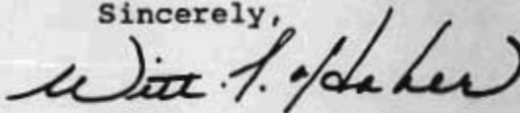
U.S. POSTAGE
797
WASHINGTON, D.C.

2010-1077-1-24-800

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,



William C. Oldaker
General Counsel

Enclosure

202 523 4060

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
c/o Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On , 1979, the Commission determined there was reasonable cause to believe that you committed a violation of 2 U.S.C. § 441f of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you made a \$3000 loan to Mr. John Henderson in your own name. Though Mr. Henderson believed that this was a personal loan, the source of the funds was actually the Liberty Lobby, Inc., treasury.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. This is a separate matter from the agreement involving the illegal corporate loan from Liberty Lobby, Inc. That violation involves you in an official capacity as Liberty Lobby's treasurer rather than as an individual.

Robert F. Funnell

70010170140

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

73010170141

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Willis Carto

)
)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Mr. Willis Carto, violated 2 U.S.C. § 441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

- III. That the pertinent facts in this matter are as follows:

That on August 28, 1975, Mr. Willis Carto made a personal \$3000 loan to Mr. John Henderson of the American Party of the United States to start a direct mail campaign. The \$3000 actually came from the treasury of Liberty Lobby, Inc.

79010170142

Therefore, respondent agrees:

- I. Respondent's action in making a corporate loan under his own name was in violation of 2 U.S.C. § 441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79040170143

III. It is agreed that respondent shall have no more than thrity (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto

79040170144



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

July 19, 1979

Mr. John Henderson
American Party of New Carrollton
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On July 19, 1979, the Commission determined there was reasonable cause to believe that your organization, the American Party of New Carrollton, committed a violation of 2 U.S.C. §441f of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you, in behalf of the American Party of New Carrollton, reported a \$3000 loan from Consulting Research and Development, a subsidiary of the American Party of the United States. The source of the loan was actually Mr. Willis Carto. It also appears that although you believed that the \$3000 was a personal loan from Mr. Carto, the source of the funds was actually Liberty Lobby, Inc. Contributions made in the name of another, or reported as such, are illegal under the Act.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of New Carrollton
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission determined there was reasonable cause to believe that your organization, the American Party of New Carrollton, committed a violation of 2 U.S.C. §441f of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you, in behalf of the American Party of New Carrollton, reported a \$3000 loan from Consulting Research and Development, a subsidiary of the American Party of the United States. The source of the loan was actually Mr. Willis Carto. It also appears that although you believed that the \$3000 was a personal loan from Mr. Carto, the source of the funds was actually Liberty Lobby, Inc. Contributions made in the name of another, or reported as such, are illegal under the Act.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter, if you agree with the provisions of the

Robert J. Funn

70010170147

enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furness, staff member assigned to this matter, at 202-520-4060.

Sincerely,

William C. Olmaker
General Counsel

Enclosure

73040170148

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
The American Party of
New Carrollton

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)
)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of New Carrollton, violated 2 U.S.C. §441f by accepting a corporate contribution made under another's name.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That the American Party of New Carrollton reported a \$3000 loan from Consulting Research and Development, an authorized committee of the American Party of the United States. The source of this loan was actually Liberty Lobby, Inc., a fact of which

70040170149

Mr. John Henderson, the individual handling this transaction was aware.

Therefore, respondent agrees:

- I. Respondent's action in failing to properly identify Liberty Lobby, Inc. as the source of the \$3000 loan and listing Consulting Research and Development as the leader was in violation of 2 U.S.C. §441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79040170150

III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

70010170151

Date

William C. Oldaker
General Counsel

Date

John Henderson
American Party of New
Carrollton

B. FURNISS

MUR 886

5 FEB 28 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. 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. John Henderson
AMERICAN PARTY of the
UNITED STATES
P.O. BOX 413
STANARDSVILLE, VA 22973

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

DATE OF DELIVERY

5. ADDRESS (complete only if requested)

6. UNABLE TO DELIVER BECAUSE:



STOPS 1977-1979

7 9 0



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

July 19, 1979

Mr. John Henderson
American Party of the
United States
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On July 19, 1979, the Commission determined there was reasonable cause to believe that the American Party of the United States committed a violation of 2 U.S.C. §441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you accepted a \$3000 loan on behalf of the American Party of the United States from Mr. Willis Carto. Apparently, this money came from the treasury of Liberty Lobby, Inc., making this an illegal corporate contribution.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

79040170152
22070150122



K. FURNISS **MUR 881**

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. John Henderson**
AMERICAN PARTY of VA
UNITED STATES
P.O. BOX 418
STANARDSVILLE, VA 22973

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

(Always obtain signature of addressee or agent)

I have received the article described above.
 SIGNATURE ☒ Addressee ☐ Authorized agent
John Henderson

DATE OF DELIVERY
3 Aug 1979

5 ADDRESS (Complete only if requested!)

6 UNABLE TO DELIVER BECAUSE:

STANARDSVILLE VA 22973
 AUG 9 AM 1979

85106107061

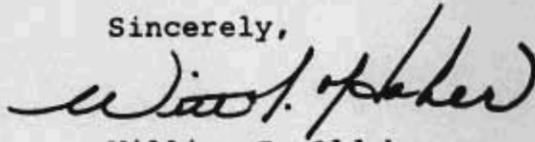
79040170153

82105104085

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Robert Furniss, staff member assigned to this matter, at 202-523-4060.

Sincerely,

A handwritten signature in dark ink, appearing to read "William C. Oldaker", written in a cursive style.

William C. Oldaker
General Counsel

77P 10170134



FEDERAL ELECTION COMMISSION

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

MEMORANDUM

July 30, 1979

TO: File for MUR 886

FROM: Robert F. Furniss

RE: Change of Address for Conciliation Correspondence

The Conciliation Agreement mailed to Mr. John Henderson of the American Party of United States was returned to the Commission. The Agreement and accompanying letter were remailed to Mr. Henderson's home address: P.O. Box 418, Stanardsville, Virginia 22973. The package was mailed this date.

70040170155

79040170136
FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Official Business

Penalty for Private Use \$300



Address
such number
ed, not forwardable
Address unknown

A Unknown
C-19 *7/24/79*

Mr. John Henderson
American Party of the
United States
251 N. Stonestreet Avenue
Rockville, MD. 20850

POSTAGE AND FEE PAID



CERTIFIED
943200

7 9 0 4 0 1 7 0 1 5 7

B. Furness

Mar 886

U.S. Form 3811, Apr. 1977

RETURN RECEIPT REGISTERED, INSURED AND CERTIFIED MAIL

① 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 c
- ☒ Show to whom, date, and address of delivery c
- ☐ RESTRICTED DELIVERY
Show to whom and date delivered c
- ☐ RESTRICTED DELIVERY
Show to whom, date, and address of delivery \$.....
- (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO: *Mr. John Henderson*
American Party of the
United States
251 N. Shattuck Avenue
Rockville, M.D. 20850

3. ARTICLE DESCRIPTION:

REGISTERED NO.

CERTIFIED NO.

INSURED NO.

94320

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE

☐ Addressee

☐ Authorized agent

4

DATE OF DELIVERY

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S
INITIALS

B. Furness

Mar 886

GPO: 1977-0-249-585

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of the
United States
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission determined there was reasonable cause to believe that the American Party of the United States committed a violation of 2 U.S.C. §441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you accepted a \$3000 loan on behalf of the American Party of the United States from Mr. Willis Carto. Apparently, this money came from the treasury of Liberty Lobby, Inc., making this an illegal corporate contribution.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement please sign and return it to the Commission within ten days. I will then recommend that the Commission

Robert T. Smith

79010170158

approve the agreement.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Robert Furniss, staff member assigned to this matter, at 202-523-4060.

Sincerely,

William C. Oldaker
General Counsel

72040170159

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
American Party of
the United States

)
)
)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of the United States, violated 2 U.S.C. §441b (a) by accepting a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. John Henderson, an agent of the American Party of the United States, accepted a corporate loan of \$3000 from Liberty Lobby, Inc. to finance a direct mail fundraising effort.

Therefore, respondent agrees:

79040170160

- I. Respondent's action in accepting a loan from Liberty Lobby, Inc. was in violation of 2 U.S.C. §441b(a).
- II. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agree-

79040170161

ment to implement and comply with the requirements
contained herein, or so notify the Commission.

79010170162
Date _____

William C. Oldaker
General Counsel

Date _____

John Henderson
American Party of the
United States

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 886
Willis Carto)
John Henderson)
American Party of)
New Carrollton)
Liberty Lobby)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on July 19, 1979, the Commission determined by a vote of 5-0 to adopt the following recommendations, as set forth in the General Counsel's Report dated July 12, 1979, regarding the above-captioned matter:

1. Find reasonable cause to believe that Liberty Lobby, Inc., violated 2 U.S.C. §441b(a) and send the letter and conciliation agreement attached to the above-named report.
2. Find reasonable cause to believe that the American Party of the United States violated 2 U.S.C. §441b(a) and send the letter and conciliation agreement attached to the above-named report.
3. Find reasonable cause to believe that Mr. Willis Carto violated 2 U.S.C. §441f and send the letter and conciliation agreement attached to the above-named report.

(Continued)

79010170163

MUR 886
General Counsel's Report
Dated July 12, 1979
CERTIFICATION

Page 2

4. Find reasonable cause to believe that the American Party of New Carrollton violated 2 U.S.C. §441f and send the letter and conciliation agreement attached to the above-named report.

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

Attest:

7/19/79
Date

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

Signed by the General Counsel: 7-16-79
Received in Office of Commission Secretary: 7-16-79, 4:52
Circulated on 48 hour vote basis: 7-16-79, 11:00

79010170164

July 16, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached General Counsel's Report on MUR 886 distributed to the Commission on a 48 hour tally basis.

Thank you.

72040170165

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION
July 12, 1979

In the Matter of)
)
Willis Carto)
John Henderson) MUR 886
American Party of)
New Carrollton)
Liberty Lobby)

GENERAL COUNSEL'S REPORT

INITIATION OF MATTER

7 9 0 1 0 1 7 0 1 6 6

An audit of the American Party of New Carrollton, Maryland, revealed an unreported loan of \$3,000 from Liberty Lobby, Inc., to Consulting Research and Development Corporation, an affiliated organization of the American Party of the United States. The \$3,000 was then loaned to the American Party of New Carrollton, Maryland, by the Consulting Research and Development Company. The Liberty Lobby loan constitutes a possible corporate contribution (2 U.S.C. § 441b(a)) and the use of the Liberty Lobby money as a reported loan from Consulting Research and Development may violate prohibitions against contributions made in the name of another (2 U.S.C. § 441f).

In addition, if Willis Carto used his name to effect a corporate contribution, he may have violated 2 U.S.C. § 441f also.

EVIDENCE

In response to an Audit Division subpoena, Mr. John Henderson supplied the records of the American Party of the United States in New Carrollton, Maryland, ("the Committee"), on February 21, 1978.

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Mr. Henderson's company, Consulting Research and Development, ("CR&D") is an authorized affiliate of the American Party. During a conference on February 21, 1978, with staff members of the Audit Division, Mr. Henderson stated that Liberty Lobby, Inc., ^{1/} advanced him \$3,000 to open the committee's bank account and initiate a direct mail soliciting effort. He deposited the check in the CR&D account to segregate it from the funds of Computer Control Corporation, his regular employer; the \$3,000 was then used to open the committee's account. The Committee's FEC reports disclosed a loan from, and repayment to CR&D on August 18, 1975, and September 29, respectively. Because Mr. Henderson considered the Liberty Lobby loan a personal loan from Mr. Willis Carto, the organization's treasurer, he did not report it. A letter dated September 25, 1975, from Mr. Carto requesting repayment of the loan is the evidence Mr. Henderson provided to prove that the loan was made, although the source is unclear, being either Carto or Liberty Lobby.

On August 22, 1978, the Audit Division mailed Mr. Henderson a copy of the Findings and Recommendations requesting compliance within thirty days. On September 25, 1978, Mr. Henderson provided a statement correcting the earlier statements made during the February 21, 1978, conference. Specifically, he now asserted that he had used the original Liberty Lobby check to open the Committee's account, and did not use CR&D as a conduit. In response to Audit Division's

1. The Recorder of Deeds for the District of Columbia, Corporate Division, verified that Liberty Lobby, Inc., was incorporated in Washington, D.C., on February 1, 1962.

request, he unsuccessfully tried to obtain the original Liberty Lobby check on several occasions.

On October 17, 1978, Mr. Henderson provided cancelled checks showing repayment of the \$3,000 from the Committee to CR&D and from CR&D to Liberty Lobby. He also gave the Audit Division amendments documenting the loan from, and repayment to Liberty Lobby, Inc.

On February 2, 1979, the Commission found reason to believe that Liberty Lobby, Inc., (the lender) and the American Party of the United States, (the recipient through Mr. John Henderson) had violated 2 U.S.C. § 441b(a). The Commission also found reason to believe that Mr. Willis Carto and Mr. John Henderson, by acting as conduits for a loan from another source, violated 2 U.S.C. § 441f and that the American Party of New Carrollton violated this section by accepting these funds.

On February 27, 1979, the Office of General Counsel received a letter from Mr. John Grad, the attorney for Willis Carto and Liberty Lobby; Grad wrote that Mr. Carto had no recollection of the transaction in question. He requested a copy of Mr. Carto's letter to Mr. Henderson of September 27, 1975. A copy of this letter was mailed to him on March 23, 1979. Mr. Grad replied on April 3, 1979, repeating his assertion that Mr. Carto didn't remember if the loan to Mr. Henderson was personal and further stating that any violation his client might have committed was unintentional. Mr. Grad also claimed that the signature on the September 27, 1975, letter was not Mr. Carto's.

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In a telephone conference between John Henderson and the Office of General Counsel on February 28, 1979, Henderson explained that Mr. Carto represented his largest business account and that he agreed to set up the direct mail campaign as a professional courtesy. He set up the CR&D account and registered with the Commission as an agent for the American Party solely for the purposes of the direct mail campaign. He also related that, although he was reimbursed for his expenses from the direct mail proceeds, he lost money on this transaction.

ANALYSIS

2 U.S.C. § 441b(a) prohibits making or accepting corporate contributions. The definition of a contribution includes a loan or advance. Though Mr. Henderson claims that he thought the advance was a personal loan from Mr. Willis Carto, the questionable Carto letter of September 25, 1975, indicates that the loan was made in behalf of Liberty Lobby, Inc. Mr. Carto referred to "our \$3,000 loan" and requested speedy repayment because "we need the money ... in order to meet our October 1 payroll." Because Mr. Carto appears to have acted in behalf of Liberty Lobby, Inc., particularly when he referred to the "payroll," the \$3,000 loan violates 2 U.S.C. § 441b(a).

In addition, because Mr. Henderson accepted the \$3,000 on behalf of the American Party of the United States, he violated this section also.

Therefore, the Office of General Counsel recommends that the Commission find reasonable cause to believe that Liberty Lobby, Inc.

and the American Party of the United States violated 2 U.S.C. § 441b(a). In a memorandum dated July 20, 1978, the Commission announced a policy of pursuing corporate contributors and recipient committees through conciliation without assessing civil penalties when prompt refunds were made. (See attachment 4) Because this Liberty Lobby transaction occurred ~~before~~ ^{before} the effective deadline for this policy (July, 1978), and refunds were made promptly, the Office of General Counsel recommends that the Commission not seek civil penalties in the Conciliation Agreements for these two respondents.

2 U.S.C. § 441f prohibits an individual from making contributions in another's name or permitting his name to be used to effect such contribution. The acceptance of such contributions by a political committee with the knowledge of the contribution's source is also illegal under this section.

Mr. Carto's letter of September 25, 1975, indicates that Liberty Lobby, Inc., itself was the source of the loan. If Mr. Carto proposed this transaction as a personal loan, as Mr. Henderson claims, Carto has violated this section of the Act.

If Mr. Carto's loan was made with a Liberty Lobby check, as Mr. Henderson claims, and in light of Mr. Carto's letter, it would appear that Mr. Henderson violated this section when he accepted Mr. Carto's "personal" loan for the American Party of New Carrollton. His failure to properly report the loan's source as Liberty Lobby

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also constitutes a violation. The Office of General Counsel recommends that the Commission find reasonable cause to believe that Mr. John Henderson on behalf of the American Party of New Carrollton and Mr. Willis Carto violated 2 U.S.C. 441f.

Although we recommend a finding of reasonable cause to believe against both the American Party of New Carrollton and Mr. Carto, the Office of General Counsel urges that in the assessment of civil penalties, several mitigating factors be taken into consideration.

In the case of Mr. Carto, the date of the transaction (1975), the timely refund of the loan, the nature of the political activity involved, and the relative insignificance of the organization supported (the American Party of New Carrollton), mitigate the severity of the offense. Finally, the murky circumstances surrounding the transaction (the absence of the Liberty Lobby check, Mr. Carto's allegation of a forged signature and the direct language of the letter) cast some doubt on the applicability of 2 U.S.C. § 441f. For these reasons, the Office of General Counsel asks that the Commission refrain from assessing a civil penalty.

It seems apparent that Mr. Henderson's involvement on behalf of the American Party of New Carrollton was of a professional, rather than a political, nature. He demonstrated substantial compliance by registering with the Commission and cooperating fully with this investigation. His handling of the refunds also showed a desire to comply with the Act. Furthermore, both the American Party of

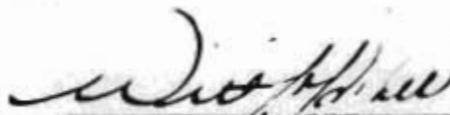
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New Carrollton and Mr. Henderson's Consulting Research and Development committee existed only for the duration of the direct mail campaign. We believe these factors, along with the fact that this transaction took place in the early days of the Commission's existence, mitigate the severity of Mr. Henderson's offense. The Office of General Counsel asks that no civil penalty be assessed against the American Party of New Carrollton.

RECOMMENDATIONS

1. Find reasonable cause to believe that Liberty Lobby, Inc., violated 2 U.S.C. § 441b(a) and send the attached letter and conciliation agreement.
2. Find reasonable cause to believe that the American Party of the United States violated 2 U.S.C. § 441b(a) and send the attached letter and conciliation agreement.
3. Find reasonable cause to believe that Mr. Willis Carto violated 2 U.S.C. § 441f and send the attached letter and conciliation agreement.
4. Find reasonable cause to believe that the American Party of New Carrollton violated 2 U.S.C. § 441f and send the attached letter and conciliation agreement.

7/16/79
Date


William C. Oldaker
General Counsel

Attachments:

1. Audit referral
 2. September 25, 1975, letter from Willis Carto to John Henderson
 3. Letter from Mr. John Grad
- (continued next page)

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Attachments (continued)

4. July 20, 1978 memorandum to the Commission
5. Letter to Liberty Lobby, Inc., with conciliation agreement.
6. Letter to American Party of the United States with conciliation agreement.
7. Letter to Mr. Willis Carto, with conciliation agreement
8. Letter to the American Party of New Carrollton, with conciliation agreement.

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FEDERAL ELECTION COMMISSION

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

November 7, 1978

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: *RJC* BOB COSTA/KEVIN MCFADDEN *KM*

SUBJECT: AMERICAN PARTY OF THE U.S. - CORPORATE
CONTRIBUTION-CONTRIBUTION IN THE NAME
OF ANOTHER

During the audit of the American Party of the United States located in New Carrollton, Maryland ("the Committee"), a fundraising affiliate of the American Party of the United States, Pigeon Forge, Tennessee, the following matter was noted.

On February 21, 1978, Mr. John Henderson, an agent of the American Party of the U.S., made the Committee's records available to the Audit staff in response to a subpoena issued by the Federal Election Commission. In the conference that followed, Mr. Henderson stated that he was advanced \$3,000 by Liberty Lobby, Inc., to open the Committee's bank account and initiate direct mailing to solicit contributions. He stated that he deposited the check into a Consulting Research and Development (C.R. & D.) account, his private business, to segregate the Committee's activities from Computer Control Corporation, his regular employer. He stated that he later used the \$3,000 as the initial deposit to open the Committee's account. The Committee's FEC reports disclosed a loan from, and repayment to, Consulting Research and Development Corporation, on August 18, 1975 and September 29, 1975 respectively. Mr. Henderson stated that he did not disclose the loan from, and repayment to, Liberty Lobby, Inc., because he felt that the loan was made to him personally by Willis Carto, the Treasurer of Liberty Lobby, Inc. The only documentary evidence made available by the Committee relating to this transaction was a letter from Liberty Lobby/Willis Carto to Mr. Henderson seeking repayment of the \$3,000 loan from the proceeds of the direct mailing (Attachment I).



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In the letter of Audit Findings and Recommendations (Attachment II), the Audit staff cited Sections 2 U.S.C. 441f and 441b(a) and made the following recommendation:

1. that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby.
2. that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the C.R. & D. account.
 - b) the check transferring the \$3,000 from the C.R. & D. account into the Committee's account.
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the C.R. & D. account, and
 - d) the check representing the repayment of the \$3,000 loan from the C.R. & D. account to Liberty Lobby.

On September 25, 1978, Mr. Henderson provided a statement that his statement of February 21, 1978 that "he had deposited the \$3,000 Liberty Lobby check into the C.R. & D. account", was untrue and was either misstated or misinterpreted. He further stated that he used the original Liberty Lobby check to open the Committee account on August 18, 1975.

On October 17, 1978, Mr. Henderson provided checks documenting the repayment of \$3,000 from the Committee to C.R. & D. and from C.R. & D. to Liberty Lobby. He also hand delivered amendments which disclosed a loan from, and repayment to, Liberty Lobby, Inc.

An earlier telephone call to the Washington D.C. Secretary of State Corporate Division on June 19, 1978 confirmed that Liberty Lobby was incorporated in Washington, D.C. on February 1, 1962.

This matter is being referred to your office for treatment as a possible MUR. If you have any questions, please contact Kevin McFadden on extension 3-4155.

Attachments as stated

RECEIVED
POST OFFICE BOX 1000
WASHINGTON, D.C. 20001
PHONE 110-1111

September 11, 1972

Mr. John L. Henderson
Computer Control Corp.
251 N. Stonestreet Ave.
Rockville, Md. 20850

Dear John:

I am certainly glad to learn that the test mailing for the American Party is a success.

Regretfully I must now ask for repayment of our \$3,000 loan out of the proceeds of the test. As you know, our exertions over the past few weeks have been rather tremendous, both financially and otherwise, due to the initiation of our new weekly, the NATIONAL SPOTLIGHT.

As a matter of fact, we need the money by Tuesday, September 30, in order to meet our October 1 payroll so your immediate attention will be appreciated.

Incidentally, I recommend that you expand this mailing to other lists as rapidly as possible. Time, of course, is of the essence, just as it has been over the last months which encountered so much unfortunate delay. If additional capital is needed to reach as many voters as possible between now and the election, with the message of the American Party, perhaps some other AP supporter would be willing to extend an interest-free loan.

Sincerely,



Willie A. Carto
Treasurer

VAC/brd

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LAW OFFICES
HIRSCHKOP & GRAD, P.C.

P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313
(703) 836-6595

RECEIVED
FEDERAL ELECTION
COMMISSION

79 APR 26 AM 1:55

3.

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASBERG
JANIS L. McDONALD

April 3, 1979

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N.W.
WASHINGTON, D.C. 20005

William C. Oldaker, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
Attention: Robert Furniss

RE MUR 886

901896

Dear Mr. Furniss:

I am in receipt of your letter of March 23, 1979, received in my office on March 26, 1979.

Based upon your initial inquiry, my clients and I have investigated this matter to the best of our ability. Mr. Carto has, at present, no specific recollection of this matter and we have been unable to locate the check that you seek. I have also spoken to Mr. Henderson, who was unable through his bank to locate a copy of the check.

At present, the only specific records we have concerning this transaction is the letter on Liberty Lobby stationery from Willis Carto to John Henderson dated September 25, 1975. That signature, by the way, is not Mr. Carto's, although we have no reason at this time to assume that the letter was forged or written improperly. We do not know, and Mr. Carto does not recall at this time, whether the initial loan was a personal loan to John Henderson, as opposed to the American Party, and whether or not the loan was advanced through the Liberty Lobby or directly from Mr. Carto personally.

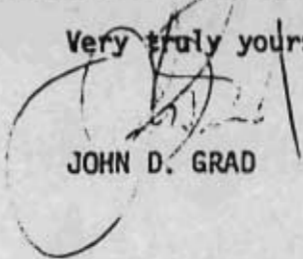
While it is our general position as a matter of statutory design that the relevant sections of the Federal Election Campaign Act were probably never meant to apply to non-profit corporations like the Liberty Lobby, we do, nonetheless, recognize the specific language of the Act. We would also note that neither Liberty Lobby nor Mr. Carto has ever purposely or intentionally violated the law, and if, indeed, there is some technical violation in this matter, it was inadvertent.

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William C. Oldaker, Esquire
Page Two
April 3, 1979

I trust this conveys our position on the matter and trust that,
being aware of our position, the Commission will now dismiss this case.

Very truly yours,


JOHN D. GRAD

JDG/jam

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FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO: The Commission

FROM: William C. Oldaker
General Counsel *W.C. Oldaker*

DATE: July 20, 1978

SUBJECT: Civil Penalties for violations of
2 U.S.C. § 441b

The Commission recently expressed concern over the treatment of 441b violations especially in regard to closing audit MURS involving numbers of corporate/union contributions amounting to substantial sums of money.

The Office of General Counsel has examined the case history in this area and would like to offer some guidelines for the treatment of future 441b violations.

Up to this time the Commission has considered the refund of verified 441b contributions to constitute substantial voluntary compliance on the part of both the contributor and the recipient committee. As evidenced by the accompanying chart, (Attachment A), all audit related MURS involving 441b violations have been closed after evidence documenting full refund of the prohibited contributions is submitted to the Commission. No civil penalties have ever been levied by the Commission in these instances.

Although the Office of General Counsel would recommend that this consistent policy (ie, no civil penalties if refunds are made,) continue in effect for the remaining MURS involving 1976 and 1977 campaigns, the Commission could establish new thresholds and criteria for civil penalties relating to corporate/union contributions accepted during the 1978 election cycle and on. The Commission could also alert candidates and committees of this policy in the hopes that greater care would be exercised in the upcoming election by contribution recipients.

Civil Penalty Threshold

The Commission's current threshold for making recipient committees a MUR respondent for violation of 2 U.S.C. § 441b is acceptance of 1 or more suspected 441b contributions aggregating \$100 or more per election. For the 1978 election cycle the Commission could, in addition to requiring refunds, penalize respondent committees an amount equal to each verified corporate/union contribution found to be accepted.

The threshold for making respondents of corporate/union contributors is contribution of \$100 or more per election to a committee. A civil penalty equal to the amount of the verified corporate/union contribution could be levied on the respondent contributor in addition to requiring evidence of the negotiation by the contributor of the committee's refund.

Circumstances which Mitigate Levying Civil Penalties

Several considerations should be taken into account which would mitigate the levying of civil penalties against the contributor and/or recipient committee but not, however, preclude requiring refunds of corporate/union contributions. For example, the timing of refunds should be considered in order that recognition goes to the committees which exercise independent, voluntary compliance in locating and returning illegal contributions before told to do so by representatives of the Commission. Recipients of verified corporate/union contributions should not be subject to civil penalties with respect to a particular contribution if the contribution is refunded within a "reasonable time" of receipt. 11 C.F.R. § 103.3(b)(2). Also, contributors such as small businessmen who inadvertently issue contributions on corporate accounts may detect their error and replace their original contribution with one from a personal account. If such a correction takes place within a reasonable time, no civil penalty should be levied against the contributor.

11 C.F.R. § 103.3(b) states that contributions which appear to be illegal shall be, within 10 days - (1) returned to the contributor or (emphasis added) (2) Deposited into the campaign depository, and reported in which case the treasurer shall make and retain a written record noting the basis for the appearance of illegality. The treasurer shall make his or her best efforts to determine the legality of the contribution. Refunds shall be made when a contribution cannot be determined to be legal within reasonable time (emphasis added). It is recommended that some guidelines be

established as to what constitutes a reasonable time in regard to the refund of possible 441b contributions. Taking into consideration the great number of inexperienced volunteer staffs and decentralized campaign operations, we suggest that a 441b contribution should be returned within 30 days of the committee's receipt of the funds.

The Commission should also consider physical evidence such as letters, telephone memos, etc. showing that the committee in question accepted a contribution, later verified to be corporate/union, on a good faith belief that it was permissible and not from a corporate/union source. In such a case the committee would not be penalized for acceptance of the particular contribution.

Two attachments, B and C, elaborate the suggestions made in this memo. Attachment B charts mock 441b findings and how the committee and contributor would be treated in the application of civil penalties. Attachment C is a proposed letter to candidates and committees clarifying the 441b contribution prohibitions and how the Commission will handle these instances in the upcoming election.

Recommendations

1. Beginning with MURS pertaining to 1978 campaigns for Federal office, assess civil penalties in the amount of the contribution against contributors whose contributions are in violation of 2 U.S.C. §441b and meet the Commission's \$100 threshold. For recipients of contributions which meet the aggregate \$100 threshold and are found to be in violation of 2 U.S.C. §441b, assess civil penalties against recipient in the amount of the total contributions found to be in violation.
2. Consider on a case by case basis circumstances such as the timing of the contribution refund, documentation of established procedures for the screening of 441b contributions and/or evidence concerning certain contributions which mitigate the levying of civil penalties on the recipient committee and/or contributor. These circumstances will not however preclude requiring refund of the verified 441b contributions in all cases.

3. 11 C.F.R. § 103.3(b) allows a committee a "reasonable time" to refund contributions suspected to be illegal. Establish 30 days as a reasonable time for a recipient committee/or contributor to refund or request refund of a 44lb contribution.

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FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On , 1979, the Commission determined there was reasonable cause to believe that your organization, Liberty Lobby, Inc., committed a violation of 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you made a \$3000 loan to Mr. John Henderson to start a direct mail campaign. This loan apparently came from Liberty Lobby's treasury. Corporate contributions are illegal under this section of the Act.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Liberty Lobby, Inc.

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Liberty Lobby, Inc., violated 2 U.S.C. § 441b(a) by making a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That on August 28, 1975, Mr. Willis Carto, the treasurer of Liberty Lobby, Inc., loaned \$3000 to Mr. John Henderson of the American Party of the United States to initiate a direct mail campaign. The source of the loan was apparently the Liberty Lobby treasury.

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Therefore, respondent agrees:

- I. Respondent's action in lending \$3000 to Mr. Henderson was in violation of 2 U.S.C. § 441b(a).
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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- 3 -

III. It is agreed that respondent shall have no more than thrity (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto
Liberty Lobby, Inc.



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of the
United States
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission determined there was reasonable cause to believe that the American Party of the United States committed a violation of 2 U.S.C. §441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you accepted a \$3000 loan on behalf of the American Party of the United States from Mr. Willis Carto. Apparently, this money came from the treasury of Liberty Lobby, Inc., making this an illegal corporate contribution.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreements, please contact Robert Furniss, staff member assigned to this matter, at 202-523-4060.

Sincerely,

William C. Oldaker
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
American Party of
the United States

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)
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)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of the United States, violated 2 U.S.C. §441b (a) by accepting a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. John Henderson, an agent of the American Party of the United States, accepted a corporate loan of \$3000 from Liberty Lobby, Inc. to finance a direct mail fundraising effort.

Therefore, respondent agrees:

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- I. Respondent's action in accepting a loan from Liberty Lobby, Inc. was in violation of 2 U.S.C. §441b(a).
- II. Respondent agrees that it will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.
- III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agree-

79010170191

ment to implement and comply with the requirements
contained herein, or so notify the Commission.

Date

William C. Oldaker
General Counsel

Date

John Henderson
American Party of the
United States

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FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
c/o Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On , 1979, the Commission determined there was reasonable cause to believe that you committed a violation of 2 U.S.C. § 441f of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you made a \$3000 loan to Mr. John Henderson in your own name. Though Mr. Henderson believed that this was a personal loan, the source of the funds was actually the Liberty Lobby, Inc., treasury.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement. This is a separate matter from the agreement involving the illegal corporate loan from Liberty Lobby, Inc. That violation involves you in an official capacity as Liberty Lobby's treasurer rather than as an individual.

- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Willis Carto

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)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Mr. Willis Carto, violated 2 U.S.C. § 441f by using his name to effect a corporate contribution.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That on August 28, 1975, Mr. Willis Carto made a personal \$3000 loan to Mr. John Henderson of the American Party of the United States to start a direct mail campaign. The \$3000 actually came from the treasury of Liberty Lobby, Inc.

79040170195

Therefore, respondent agrees:

- I. Respondent's action in making a corporate loan under his own name was in violation of 2 U.S.C. § 441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

70040170195

III. It is agreed that respondent shall have no more than thrity (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto

79040170197



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of New Carrollton
251 N. Stonestreet Avenue
Rockville, MD. 20850

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission determined there was reasonable cause to believe that your organization, the American Party of New Carrollton, committed a violation of 2 U.S.C. §441f of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that you, in behalf of the American Party of New Carrollton, reported a \$3000 loan from Consulting Research and Development, a subsidiary of the American Party of the United States. The source of the loan was actually Mr. Willis Carto. It also appears that although you believed that the \$3000 was a personal loan from Mr. Carto, the source of the funds was actually Liberty Lobby, Inc. Contributions made in the name of another, or reported as such, are illegal under the Act.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. §437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the

-2-

enclosed conciliation agreement, please sign and return it to the Commission within ten days. I will then recommend that the Commission approve the agreement.

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, staff member assigned to this matter, at 202-523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

991070101

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
The American Party of
New Carrollton

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)
)

MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, the American Party of New Carrollton, violated 2 U.S.C. §441f by accepting a corporate contribution made under another's name.

Now therefore, the respective parties herein, the Federal Election Commission and respondent having duly entered into conciliation pursuant to §437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That the American Party of New Carrollton reported a \$3000 loan from Consulting Research and Development, an authorized committee of the American Party of the United States. The source of this loan was actually Liberty Lobby, Inc., a fact of which

79040170200

Mr. John Henderson, the individual handling this transaction was aware.

Therefore, respondent agrees:

- I. Respondent's action in failing to properly identify Liberty Lobby, Inc. as the source of the \$3000 loan and listing Consulting Research and Development as the leader was in violation of 2 U.S.C. §441f.
- II. Respondent agrees that he will not undertake any activity which is in violation of the Federal Campaign Act of 1971, as amended, 2 U.S.C. §431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. §437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

79010170202

Date

William C. Oldaker
General Counsel

Date

John Henderson
American Party of New
Carrollton



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE
FROM: MARJORIE W. EMMONS *mwe*
DATE: MAY 24, 1979
SUBJECT: MUR 886 - OBJECTION - General Counsel's
Report dated 5-15-79; Received
in OCS 5-22-79, 10:43

The above-named document was circulated on a 48
hour vote basis at 3:30, May 22, 1979.

Commissioner Aikens submitted an objection at 12:02,
May 23, 1979, thereby placing MUR 886 on the Executive
Session Agenda for Tuesday, June 5, 1979.

WJ draw

79040170203

700:0.70204

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached General Counsel's Report on MUR 886 distributed to the Commission on a 48 hour tally basis.

Thank you.

BEFORE THE FEDERAL ELECTION COMMISSION
May 15, 1979

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 MAY 22 AIO: 43

In the Matter of

Willis Carto
John Henderson
American Party of
New Carrollton
Liberty Lobby

MUR 886

GENERAL COUNSEL'S REPORT
INITIATION OF MATTER

79010170205

An audit of the American Party of New Carrollton, Maryland, revealed an unreported loan of \$3,000 to Consulting Research and Development Corporation, an affiliated organization of the National American Party, from Liberty Lobby, Inc. This \$3,000 was then loaned to the American Party of New Carrollton, Maryland, by the Consulting Research and Development Company. The Liberty Lobby loan constitutes a possible corporate contribution (2 U.S.C. § 441b(a)) and the use of the Liberty Lobby money as a reported loan from Consulting Research and Development may violate prohibitions against contributions made in the name of another (2 U.S.C. § 441f). In addition, if Mr. Carto used his name to effect a corporate contribution, he may have violated that section as well.

EVIDENCE

In response to an Audit Division subpoena, Mr. John Henderson supplied the records of the American Party of the United States in New Carrollton, Maryland, ("the Committee"), on February 21, 1978. Mr. Henderson's company, Consulting Research and Development, ("CR&D") is an authorized affiliate of the American Party. During a conference with staff members of the Audit Division, Mr. Henderson stated that

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Liberty Lobby, Inc., 1/ advanced him \$3,000 to open the committee's bank account and initiate a direct mail soliciting effort. He deposited the check in the CR&D account to segregate it from the funds of Computer Control Corporation, his regular employer. He later used the \$3,000 to open the committee's account. The Committee's FEC reports disclosed a loan from, and repayment to CR&D on August 18, 1975, and September 29, 1975, respectively. Because Mr. Henderson considered the Liberty Lobby loan a personal loan from Mr. Willis Carto, the organization's treasurer, he did not report it. A letter dated September 25, 1975, from Mr. Carto requesting repayment of the loan is the evidence Mr. Henderson provided to prove that the loan was made.

On August 22, 1978, the Audit Division mailed Mr. Henderson a copy of the Findings and Recommendations requesting compliance within 30 days. On September 25, 1978, Mr. Henderson provided a statement correcting his statements made during the February 21, 1978, conference. Specifically, he asserted that he had used the original Liberty Lobby check to open the Committee's account. In response to Audit Division's request, he unsuccessfully tried to obtain the original Liberty Lobby check on several occasions.

On October 17, 1978, Mr. Henderson provided checks for repayment of \$3,000 from the Committee to CR&D and from CR&D to Liberty Lobby. He also gave the Audit Division amendments documenting the loan from, and repayment to Liberty Lobby, Inc.

1/ The Washington, D.C., Secretary of State's Corporate Division verified that Liberty Lobby, Inc., was incorporated in Washington, D.C., on February 1, 1962.

On February 2, 1979, the Commission found reason to believe that Liberty Lobby, Inc., (the lender) and the American Party of the United States, (the recipient through Mr. John Henderson) violated 2 U.S.C. § 441b(a). The Commission also found reason to believe that Mr. Willis Carto and Mr. John Henderson, by acting as conduits for a loan from another source, violated 2 U.S.C. § 441f and that the American Party of New Carrollton violated the same section by accepting these funds.

On February 27, 1979, the Office of General Counsel received a letter from Mr. John Grad, the attorney for Willis Carto and Liberty Lobby. In it he stated that Mr. Carto had no recollection of the transaction in question. He requested a copy of Mr. Carto's letter to Mr. Henderson of September 27, 1975. A copy of this letter was mailed to him on March 23, 1979. Mr. Grad replied on April 3, 1979, repeating his assertion that Mr. Carto didn't remember if the loan to Mr. Henderson was personal and further stating that any violation his client might have committed was unintentional. Mr. Grad also claimed that the signature on the September 27, 1975, letter was not Mr. Carto's.

Mr. John Henderson telephoned the Office of General Counsel on February 28, 1979. He explained that Mr. Carto represented his largest business account and that he agreed to set up the direct mail campaign as a professional courtesy. He set up the CR&D account and registered with the Commission as an agent for the American Party solely for the duration of the direct mail campaign. He also related that, although he was reimbursed for his expenses from the direct mail proceeds, he lost money on this transaction.

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ANALYSIS

2 U.S.C. § 441b(a) prohibits making or accepting corporate contributions. The definition of a contribution includes a loan or advance. Though Mr. Henderson claims that he thought the advance was a personal loan from Mr. Willis Carto, Mr. Carto's letter of September 25, 1975, indicates that the loan was made in behalf of Liberty Lobby, Inc. Mr. Carto referred to "our \$3,000 loan" and requested speedy repayment because "we need the money...in order to meet our October 1 payroll." Because Mr. Carto appears to have acted in behalf of Liberty Lobby, Inc., particularly when he referred to the payroll, the \$3,000 loan violates 2 U.S.C. § 441b(a).

In addition, because Mr. Henderson accepted the \$3,000 it is apparent that he violated this section also.

Therefore, the Office of General Counsel recommends that the Commission find reasonable cause to believe that Liberty Lobby, Inc., and Mr. John Henderson violated 2 U.S.C. § 441b(a). As Mr. Henderson was an agent for the American Party of the United States and was solely responsible for handling this transaction, the Office of General Counsel recommends that no further action be taken against the American Party of the United States.

2 U.S.C. § 441f prohibits an individual from making contributions in another's name or permitting his name to be used to effect such contribution. The acceptance of such contributions by a political committee with the knowledge of the contribution's source is also illegal under this section.

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Mr. Carto's letter of September 25, 1975, indicates that Liberty Lobby, Inc., itself was the source of the loan. If Mr. Carto proposed this transaction as a personal loan, as Mr. Henderson claims, he has violated this section of the Act.

If Mr. Carto's loan was made with a Liberty Lobby check, as Mr. Henderson claims, and in light of Mr. Carto's letter, it would appear that Mr. Henderson violated this section when he accepted Mr. Carto's "personal" loan. His failure to properly report the loan's source as Liberty Lobby also constitutes a violation. The Office of General Counsel recommends that the Commission find reasonable cause to believe that Mr. John Henderson and Mr. Willis Carto violated 2 U.S.C. § 441f. As Mr. Henderson handled the transfer of the funds to the American Party of New Carrollton opening the Committee's account himself, it is recommended that the Commission take no further action against the American Party of New Carrollton.

It is further recommended that Mr. Carto bear responsibility for Liberty Lobby's corporate loan violation and that the two violations be incorporated into a single Conciliation Agreement.

Although we recommend a finding of reasonable cause to believe against both Mr. Henderson and Mr. Carto, the Office of General Counsel urges that in the assessment of civil penalties, the several mitigating factors be taken into consideration.

In the case of Mr. Carto, the date of the transaction (1975), the timely refund of the loan, the nature of the political activity involved, and the relative insignificance of the organization supported (the American Party of New Carrollton), mitigate the severity of the offense. Therefore, the Office of General Counsel asks that the civil penalty for offenses be set at \$500.

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It is apparent that Mr. Henderson's involvement was of a professional, rather than a political, nature. He demonstrated substantial compliance by registering with the Commission and cooperating fully with this investigation. We believe these factors, along with the fact that this transaction took place in the early days of the Commission's existence, mitigate the severity of Mr. Henderson's offense. Therefore, the Office of General Counsel recommends that both of Mr. Henderson's violations be incorporated into a single Conciliation Agreement assessing civil penalty of \$250.

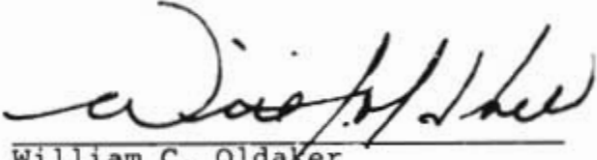
RECOMMENDATIONS

1. Take no further action against the American Party of the United States or the American Party of New Carrollton.
2. Find reasonable cause to believe that Mr. Willis Carto violated 2 U.S.C. § 441b(a)(1) and § 441f and send the attached letter and Conciliation Agreement.
3. Find reasonable cause to believe that Mr. John Henderson violated 2 U.S.C. § 441b(a)(1) and § 441f and send the attached letter and conciliation agreement.

Attachments:

1. Audit referral
2. September 25, 1975, letter from Willis Carto to John Henderson
3. Letter from John Grad
4. Letter to Mr. Willis Carto, with Conciliation Agreement
5. Letter to Mr. John Henderson, with Conciliation Agreement

5/21/79
Date


William C. Oldaker
General Counsel



FEDERAL ELECTION COMMISSION

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

November 7, 1978

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: *RPC* BOB COSTA/KEVIN MCFADDEN *KM*

SUBJECT: AMERICAN PARTY OF THE U.S. - CORPORATE
CONTRIBUTION-CONTRIBUTION IN THE NAME
OF ANOTHER

During the audit of the American Party of the United States located in New Carrollton, Maryland ("the Committee"), a fundraising affiliate of the American Party of the United States, Pigeon Forge, Tennessee, the following matter was noted.

On February 21, 1978, Mr. John Henderson, an agent of the American Party of the U.S., made the Committee's records available to the Audit staff in response to a subpoena issued by the Federal Election Commission. In the conference that followed, Mr. Henderson stated that he was advanced \$3,000 by Liberty Lobby, Inc., to open the Committee's bank account and initiate direct mailing to solicit contributions. He stated that he deposited the check into a Consulting Research and Development (C.R. & D.) account, his private business, to segregate the Committee's activities from Computer Control Corporation, his regular employer. He stated that he later used the \$3,000 as the initial deposit to open the Committee's account. The Committee's FEC reports disclosed a loan from, and repayment to, Consulting Research and Development Corporation, on August 18, 1975 and September 29, 1975 respectively. Mr. Henderson stated that he did not disclose the loan from, and repayment to, Liberty Lobby, Inc., because he felt that the loan was made to him personally by Willis Carto, the Treasurer of Liberty Lobby, Inc. The only documentary evidence made available by the Committee relating to this transaction was a letter from Liberty Lobby/Willis Carto to Mr. Henderson seeking repayment of the \$3,000 loan from the proceeds of the direct mailing (Attachment I).



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In the letter of Audit Findings and Recommendations (Attachment II), the Audit staff cited Sections 2 U.S.C. 441f and 441b(a) and made the following recommendation:

1. that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby.
2. that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the C.R. & D. account.
 - b) the check transferring the \$3,000 from the C.R. & D. account into the Committee's account.
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the C.R. & D. account, and
 - d) the check representing the repayment of the \$3,000 loan from the C.R. & D. account to Liberty Lobby.

On September 25, 1978, Mr. Henderson provided a statement that his statement of February 21, 1978 that "he had deposited the \$3,000 Liberty Lobby check into the C.R. & D. account", was untrue and was either misstated or misinterpreted. He further stated that he used the original Liberty Lobby check to open the Committee account on August 18, 1975.

On October 17, 1978, Mr. Henderson provided checks documenting the repayment of \$3,000 from the Committee to C.R. & D. and from C.R. & D. to Liberty Lobby. He also hand delivered amendments which disclosed a loan from, and repayment to, Liberty Lobby, Inc.

An earlier telephone call to the Washington D.C. Secretary of State Corporate Division on June 19, 1978 confirmed that Liberty Lobby was incorporated in Washington, D.C. on February 1, 1962.

This matter is being referred to your office for treatment as a possible MUR. If you have any questions, please contact Kevin McFadden on extension 3-4155.

Attachments as stated

72010170213
RECEIVED
The American Party
Washington, D. C. 20001
Phone: 110111 4-3611

September 27, 1972

Mr. John L. Henderson
Computer Control Corp.
251 N. Stonestreet Ave.
Rockville, Md. 20850

Dear John:

I am certainly glad to learn that the test mailing for the American Party is a success.

Regretfully I must now ask for repayment of our \$3,000 loan out of the proceeds of the test. As you know, our exertions over the past few weeks have been rather tremendous, both financially and otherwise, due to the initiation of our new weekly, the NATIONAL SPOTLIGHT.

As a matter of fact, we need the money by Tuesday, September 30, in order to meet our October 1 payroll so your immediate attention will be appreciated.

Incidentally, I recommend that you expand this mailing to other lists as rapidly as possible. Time, of course, is of the essence, just as it has been over the last months which encountered so much unfortunate delay. If additional capital is needed to reach as many voters as possible between now and the election, with the message of the American Party, perhaps some other AP supporter would be willing to extend an interest-free loan.

Sincerely,



Willie A. Carto
Treasurer

WAC/brd

LAW OFFICES
HIRSCHKOP & GRAD, P.C.

P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313

(703) 836-6595

Furniss *607* *9015*
RECEIVED
FEDERAL ELECTION
COMMISSION

'79 APR 26 AM 1:55

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASBERG
JANIS L. McDONALD

April 3, 1979

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N.W.
WASHINGTON, D.C. 20005

William C. Oldaker, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
Attention: Robert Furniss

RE MUR 886

901856

Dear Mr. Furniss:

I am in receipt of your letter of March 23, 1979, received in my office on March 26, 1979.

Based upon your initial inquiry, my clients and I have investigated this matter to the best of our ability. Mr. Carto has, at present, no specific recollection of this matter and we have been unable to locate the check that you seek. I have also spoken to Mr. Henderson, who was unable through his bank to locate a copy of the check.

At present, the only specific records we have concerning this transaction is the letter on Liberty Lobby stationery from Hillis Carto to John Henderson dated September 25, 1975. That signature, by the way, is not Mr. Carto's, although we have no reason at this time to assume that the letter was forged or written improperly. We do not know, and Mr. Carto does not recall at this time, whether the initial loan was a personal loan to John Henderson, as opposed to the American Party, and whether or not the loan was advanced through the Liberty Lobby or directly from Mr. Carto personally.

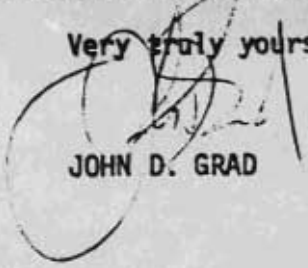
While it is our general position as a matter of statutory design that the relevant sections of the Federal Election Campaign Act were probably never meant to apply to non-profit corporations like the Liberty Lobby, we do, nonetheless, recognize the specific language of the Act. We would also note that neither Liberty Lobby nor Mr. Carto has ever purposely or intentionally violated the law, and if, indeed, there is some technical violation in this matter, it was inadvertent.

72010170214

William C. Oldaker, Esquire
Page Two
April 3, 1979

I trust this conveys our position on the matter and trust that,
being aware of our position, the Commission will now dismiss this case.

Very truly yours,



JOHN D. GRAD

JDG/jam

79010170215



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John L. Henderson
Computer Control Corporation
251 North Stonestreet Avenue
Rockville, Maryland 20850

Re: MUR 886

Dear Mr. Henderson:

On , 1979, the Commission determined there was reasonable cause to believe that you committed a violation of 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that on August 18, 1975, you accepted a \$3,000 loan from Mr. Willis Carto which apparently came from the Liberty Lobby, Inc. Corporate contributions are illegal under this section of the Act. In addition, since you reported the source of the funds as your Consulting Research and Development Committee, you used your name to effect a loan from another source in violation of 2 U.S.C. § 441f.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5,000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that the Commission approve the agreement.



- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

70217

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Mr. John Henderson
Mr. Willis Carto
Liberty Lobby, Inc.

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MUR 886

CONCILIATION AGREEMENT

This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, John Henderson, violated 2 U.S.C. § 441b(a) by accepting a \$3000 corporate loan. In addition, by incorrectly reporting his Committee as the source of the loan, he violated 2 U.S.C. § 441f.

NOW THEREFORE, the respective parties herein, the Federal Election Commission and Mr. John Henderson having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That Mr. John Henderson has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:
That, on August 18, 1975, Mr. Henderson accepted a loan of \$3,000 from Mr. Willis Carto. The source of this loan was apparently the Liberty Lobby, Inc., treasury, making

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this an illegal corporate loan. Also, Mr. Henderson, in allocating these funds, reported the source as his own registered political committee. In effect, Mr. Henderson used his own name to transfer funds from another source, in violation of 2 U.S.C. § 441f.

THEREFORE, respondent, Mr. Henderson, agrees:

- I. Respondent's action in accepting a \$3,000 loan from Mr. Willis Carto, was in violation of 2 U.S.C. § 441b(a).
- II. Furthermore, that in incorrectly identifying the source of this loan as his own registered committee, he violated 2 U.S.C. § 441f.
- III. That respondent will pay a civil penalty in the amount of \$250 pursuant to 2 U.S.C. § 437g(a)(6)(B)(i).
- IV. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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III. It is agreed that respondent shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Mr. John Henderson

79010170220



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis Carto
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

On , 1979, the Commission determined there was reasonable cause to believe that you committed a violation of 2 U.S.C. § 441b(a) of the Federal Election Campaign Act of 1971, as amended. Specifically, the Commission found reasonable cause to believe that on August 19, 1975, you loaned Mr. John Henderson \$3,000 in Liberty Lobby funds, a violation of the Act's prohibition against corporate contributions. In addition, by using your name to effect this loan, you violated 2 U.S.C. § 441f, which prohibits contributions made in the name of another.

The Commission has a duty to attempt to correct such violations for a period of 30 days by informal methods of conference, conciliation and persuasion, and by entering into a conciliation agreement. 2 U.S.C. § 437g(a)(5)(B). If we are unable to reach an agreement during that period, the Commission may, upon a finding of probable cause to believe a violation has occurred, institute civil suit in United States District Court and seek payment of a civil penalty not in excess of \$5000.

We enclose a conciliation agreement that this office is prepared to recommend to the Commission in settlement of this matter. If you agree with the provisions of the enclosed conciliation agreement, please sign and return it along with the civil penalty to the Commission within ten days. I will then recommend that the Commission approve the agreement.



- 2 -

If you have any questions or suggestions for changes in the enclosed conciliation agreement, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,

William C. Oldaker
General Counsel

Enclosure

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Mr. Willis Carto
Liberty Lobby
Mr. John Henderson

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MUR 886

CONCILIATION AGREEMENT

79010170223
This matter has been initiated on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, an investigation has been conducted, and the Commission has found reasonable cause to believe that respondent, Mr. Willis Carto, violated 2 U.S.C. § 441f by using his name to effect a corporate contribution. In addition, the Commission found reasonable cause to believe that he violated 2 U.S.C. § 441b(a) by making a contribution in behalf of Liberty Lobby, Inc.

NOW THEREFORE, the respective parties herein, the Federal Election Commission and Mr. Willis Carto, having duly entered into conciliation pursuant to § 437g(a)(5), do hereby agree as follows:

- I. That the Federal Election Commission has jurisdiction over respondent and the subject of this proceeding.
- II. That Mr. Carto has had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. That the pertinent facts in this matter are as follows:

That Mr. Willis Carto, on behalf of Liberty Lobby, Inc., loaned \$3,000 to Mr. John Henderson to establish a direct mail campaign in violation of § 441b(a) prohibiting corporate contributions. By terming this a personal loan, Mr. Carto used his name to effect such contribution in violation of 2 U.S.C. § 441f.

THEREFORE, respondent Willis Carto, agrees:

- I. Respondent's action in lending Mr. John Henderson \$3,000 from Liberty Lobby, Inc., funds was in violation of 2 U.S.C. § 441b(a).
- II. Furthermore, respondent's action in masking this corporate loan as a personal loan was in violation of 2 U.S.C. § 441f.
- III. That he will pay a civil penalty in the amount of \$500 pursuant to 2 U.S.C. § 437g(a)(6)(B)(i).
- IV. Respondent agrees that he will not undertake any activity which is in violation of the Federal Election Campaign Act of 1971, as amended, 2 U.S.C. § 431, et seq.

GENERAL CONDITIONS

- I. The Commission, on the request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein, or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute civil action for relief in the United States District Court for the District of Columbia.
- II. It is mutually agreed that this agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

79010170224

III. It is agreed that respondent Willis Carto shall have no more than thirty (30) days from the date of this agreement to implement and comply with the requirements contained herein, or so notify the Commission.

Date: _____

William C. Oldaker
General Counsel

Date: _____

Willis Carto
Liberty Lobby, Inc.

79010170225

LAW OFFICES
HIRSCHKOP & GRAD, P.C.

P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313

(703) 636-6595

6004
9803
RECEIVED
FEDERAL ELECTION
COMMISSION

79 APR 26 PM 1:58

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASBERG
JANIS L. McDONALD

April 3, 1979

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N.W.
WASHINGTON, D.C. 20005

William C. Oldaker, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463
Attention: Robert Furniss

RE MUR 886

901896

Dear Mr. Furniss:

I am in receipt of your letter of March 23, 1979, received in my office on March 26, 1979.

Based upon your initial inquiry, my clients and I have investigated this matter to the best of our ability. Mr. Carto has, at present, no specific recollection of this matter and we have been unable to locate the check that you seek. I have also spoken to Mr. Henderson, who was unable through his bank to locate a copy of the check.

At present, the only specific records we have concerning this transaction is the letter on Liberty Lobby stationery from Willis Carto to John Henderson dated September 25, 1975. That signature, by the way, is not Mr. Carto's, although we have no reason at this time to assume that the letter was forged or written improperly. We do not know, and Mr. Carto does not recall at this time, whether the initial loan was a personal loan to John Henderson, as opposed to the American Party, and whether or not the loan was advanced through the Liberty Lobby or directly from Mr. Carto personally.

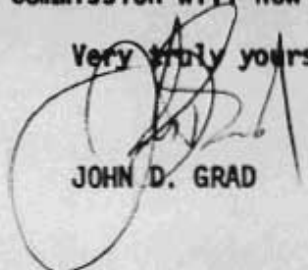
While it is our general position as a matter of statutory design that the relevant sections of the Federal Election Campaign Act were probably never meant to apply to non-profit corporations like the Liberty Lobby, we do, nonetheless, recognize the specific language of the Act. We would also note that neither Liberty Lobby nor Mr. Carto has ever purposely or intentionally violated the law, and if, indeed, there is some technical violation in this matter, it was inadvertent.

79040170226

William C. Oldaker, Esquire
Page Two
April 3, 1979

I trust this conveys our position on the matter and trust that,
being aware of our position, the Commission will now dismiss this case.

Very truly yours,


JOHN D. GRAD

JDG/jam

79040170227

16:49 9 APR 07

79040170228

LAW OFFICES

HIRSCHKOP & GORD, P. C.

P.O. BOX 1220
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313

RECEIVED
FEDERAL ELECTION
COMMISSION
79 APR 16

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

ATTN: Robert Furniss





FEDERAL ELECTION COMMISSION

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

MEMORANDUM TO

CHARLES STEELE

FROM:

MARJORIE W. EMMONS *mwe*

DATE:

MARCH 26, 1979

SUBJECT:

MUR 886 - Interim Investigative Report
dated 3-22-79: Signed by GC 3-21-79
Received in OCS 3-23-79, 12:12

The above-named document was circulated on a 24
hour no-objection basis at 4:30, March 23, 1979.

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

79010170229

March 23, 1979

MEMORANDUM TO: Marg Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached Interim Invest Report
on MUR 886 distributed to the Commission.

Thankyou.

70010170230

BEFORE THE FEDERAL ELECTION COMMISSION

March 22, 1979

79 MAR 23 P12: 12

In the Matter of)

John Henderson)

Willis Carto)

Liberty Lobby, Inc.)

American Party of New Carroll-)
ton)

MUR 886

Interim Investigative Report

On February 7, 1979, the Commission found reason to believe that Mr. John Henderson, Mr. Willis Carto, and the American Party of New Carrollton violated 2 U.S.C. § 441f. The Commission also found reason to believe that Liberty Lobby, Inc. and the American Party of the United States violated 2 U.S.C. § 441b(a).

On February 15, 1979, Mr. John Grad, attorney for respondents Willis Carto and Liberty Lobby, requested a copy of a letter Mr. Carto sent to Mr. John Henderson. He claimed that his client did not remember the details of the transaction in question. Because over three years have passed since the alleged violation took place, the Office of General Counsel agreed to supply Mr. Grad with a copy of Mr. Carto's letter. The letter was mailed on March 22, 1979. The Office of General Counsel is awaiting a response from Mr. Grad and will make a recommendation to the Commission within two weeks.

Date

3/21/79

William C. Oldaker
General Counsel

William C. Oldaker

179010170231



File

FEDERAL ELECTION COMMISSION

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

March 20, 1979

MEMORANDUM

TO: William C. Oldaker
General Counsel

FROM: Robert Furniss

SUBJECT: Letter to Respondent in MUR 886

79040170232

Mr. John Grad, attorney for Respondent ~~Willis~~ Carto, requested a copy of a letter his client sent to another respondent in the case. Several years have passed since Mr. Carto made a loan to the American Party, and Mr. Grad felt that the letter would refresh his client's memory. After conferring with Charlie, I drafted a letter to accompany the document. I don't see any harm in providing Mr. Carto with a copy of his own letter, even though documents are usually kept confidential during an investigation. Anyway, I thought you might like a little background on Grad's request.



FEDERAL ELECTION COMMISSION

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

March 23, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Grad
Hirshkop and Grad
Post Office Box 1226
Alexandria, Virginia 22313

Re: MUR 886

Dear Mr. Grad:

Please find enclosed a copy of your client's letter dated September 25, 1975, to Mr. John Henderson which you requested. Documents obtained during the course of an investigation are usually not disclosed in this fashion. However, since Mr. Carto appears to be having difficulty in remembering a transaction which occurred over three years ago, we have consented to the release of the enclosed copy. Because this matter is currently under investigation, no additional documents can be released.

Please notify your client that, under the Act, he has an opportunity to demonstrate why no action should be taken against him. He should submit any factual or legal materials which he considers relevant to the Commission's analysis of this matter. In particular, it would be appreciated if a copy of the check used to make the alleged loan would be furnished to us.

Mr. Carto should also be aware that this matter was generated through an audit. Mr. Henderson was required to provide us with all documents pertaining to this transaction.

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.



- 2 -

If you have any questions, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4060.

Sincerely,



William Q. Oldaker
General Counsel

Enclosure

79010170234

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
John Grad

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
943034
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Leonard S. Grad
DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

9572 1-77-0-740-000

HEADQUARTERS OFFICE:
300 INDEPENDENCE AVENUE, S.E.
WASHINGTON, D. C. 20003
PHONE: LIBERTY 6-3611

WEST COAST OFFICE:
P.O. Box 36132
LOS ANGELES, CALIFORNIA 90036

September 25, 1975

Mr. John L. Henderson
Computer Control Corp.
251 N. Stonestreet Ave.
Rockville, Md. 20850

Dear John:

I am certainly glad to learn that the test mailing for the American Party is a success.

Regretfully I must now ask for repayment of our \$3,000 loan out of the proceeds of the test. As you know, our exertions over the past few weeks have been rather tremendous, both financially and otherwise, due to the initiation of our new weekly, the NATIONAL SPOTLIGHT.

As a matter of fact, we need the money by Tuesday, September 30, in order to meet our October 1 payroll so your immediate attention will be appreciated.

Incidentally, I recommend that you expand this mailing to other lists as rapidly as possible. Time, of course, is of the essence, just as it has been over the last months which encountered so much unfortunate delay. If additional capital is needed to reach as many voters as possible between now and the election, with the message of the American Party, perhaps some other AP supporter would be willing to extend an interest-free loan.

Sincerely,


Willis A. Carto
Treasurer

WAC/brd

66-#
RECEIVED
FEDERAL ELECTION
COMMISSION 9612

LAW OFFICES
HIRSCHKOP & GRAD, P.C.

P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313

(703) 836-8595

'79 MAR 16 PM 1:48

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR M. GLASBERG
JANIS L. McDONALD

March 15, 1979

WASHINGTON OFFICE
625 WASHINGTON BUILDING, N.W.
WASHINGTON, D.C. 20005

Robert Furness, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

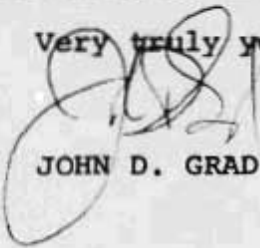
RE MUR 886

001531

Dear Mr. Furness:

For the record, please be advised that in connection with the above-captioned MUR that I also represent Colonel Dall and the Liberty Lobby, Inc., in addition to Willis Carto.

Very truly yours,


JOHN D. GRAD

JDG/jam

04:40 PM '79

RECEIVED

73010170236

7 9 9 0 1 0 1 0 6 2 7
LAW OFFICES

HIRSCHKOP & GRAD, P. C.

P. O. BOX 1226

108 NORTH COLUMBUS STREET

ALEXANDRIA, VIRGINIA 22313



Robert Furness, Esquire
Federal Election Commission
1325 K Street, N.W.
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION
COMMISSION

79 MAR 16 PM 1:48

C-CC-
9382

LAW OFFICES
HIRSCHKOP & GRAD, P.C.
P. O. BOX 1226
108 NORTH COLUMBUS STREET
ALEXANDRIA, VIRGINIA 22313
(703) 836-6595

FEDERAL ELECTION
COMMISSION

'79 FEB 22 AM 10:54

PHILIP J. HIRSCHKOP
JOHN D. GRAD
LEONARD S. RUBENSTEIN
VICTOR H. GLASSBERG
JANIS L. McDONALD*

February 15, 1979

WASHINGTON OFFICE
825 WASHINGTON BUILDING, N.W.
WASHINGTON, D.C. 20005

*D.C. BAR ONLY

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

800004

Attn: Robert Furniss

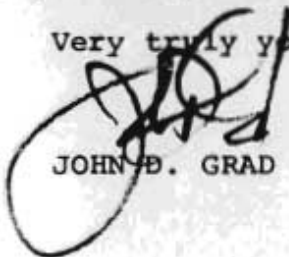
Re: MUR 886

Dear Mr. Furniss:

This is to confirm our telephone conversation on Thursday morning, February 15, in which I advised you that I am representing Willis Carto with respect to the above numbered MUR. As I told you on the telephone we will be more than happy to cooperate, but that in view of my client's nonrecollection of the matter we would like to have more specific information as to this complaint. Upon receipt of the documentation that you have, we will do our best to try and respond.

Thank you for your cooperation.

Very truly yours,


JOHN D. GRAD

JDG:tpb

79 FEB 25 6:25

79010170238

7 9 0 4 0 1 7 0 2 3 9
LAW OFFICES

HIRSCHKOP & GRAD, P. C.

P. O. BOX 1226

108 NORTH COLUMBUS STREET

ALEXANDRIA, VIRGINIA 22313



2015

Federal Election Commission
Office of the General Counsel
1325 K Street, N.W.
Washington, D.C. 20463

Attn: Mr. Robert Furniss



FEDERAL ELECTION COMMISSION

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

February 7, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis A. Carto
Liberty Lobby, Inc.
300 Independence Avenue
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, you loaned Mr. John Henderson, an agent of the American Party, \$3,000. The \$3,000 loan appears to have come from Liberty Lobby funds. If this is correct, you may have violated 2 U.S.C. § 441f which prohibits individuals from making contributions in another's name. In your case, you, as agent for Liberty Lobby, may have used your name in making a corporate contribution from Liberty Lobby, Inc. We have numbered this matter MUR 886.

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. 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.

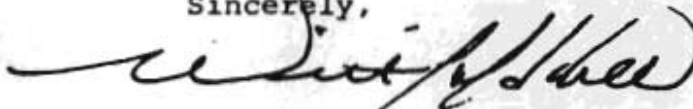


If you have any questions, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4529.

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

70040170241

188C RF

PS Form 3871, Aug 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:
Walter D. Carter

3. ARTICLE DESCRIPTION:
REGISTERED NO. *943952* CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above:
SIGNATURE *W.D. Carter* ☐ Addressee ☐ Authorized agent

DATE OF DELIVERY *2/14/78* POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

WASHINGTON, DC 20540
6261
10
874
CLERK'S
INITIALS
USPO

2025 1977-5-24-58

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis A. Carto
Liberty Lobby, Inc.
300 Independence Avenue
Washington, D.C. 20003

2/8/79

Re: MUR 886

Dear Mr. Carto:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, it appears that, on behalf of Liberty Lobby, you loaned Mr. John Henderson, an agent of the American Party, \$3,000. Loans of this type are considered contributions and corporate contributions to political committees are illegal under the Act. In addition, Mr. Henderson claims that you offered these funds as a personal loan. The \$3,000 loan appears to have come from Liberty Lobby funds. If Mr. Henderson is correct, you may have violated 2 U.S.C. § 441f which prohibits individuals from making contributions in another's name. In your case, you, as agent for Liberty Lobby, may have used your name in making a corporate contribution. We have numbered this matter MUR 886.

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. 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.

Robert J. Farnsworth

2/17/79

790100170242

If you have any questions, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4529.

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,

lsj
William C. Oldaker
General Counsel

770 0000 243



FEDERAL ELECTION COMMISSION

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

February 7, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of the United States
Computer Control Corporation
Rockville, Maryland 20850

Re: MUR 886

Dear Mr. Henderson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, it appears that when you accepted Mr. Willis Carto's loan, you may have accepted a corporate contribution on behalf of the American Party of the United States in violation of 2 U.S.C. §441b(a). Furthermore, it appears that by transferrring the loan from your account at Consulting Research and Development, you may have violated tha Act's prohibition against making contributions in another's name. When you used Mr. Carto's money to fund the Party's direct mail effort after depositing it in your account and reported the contribution as coming from your company, you may have violated 2 U.S.C. §441f. We have numbered this matter MUR 886.

Under the Act, you have an opportunity to demonstate 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. 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.

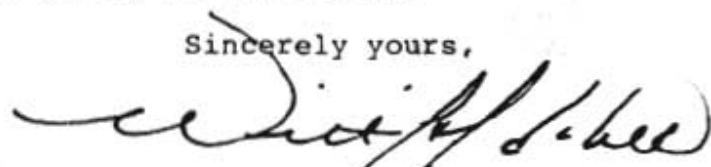
79010170244

If you have any questions, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4529.

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 yours,



William C. Oldaker
General Counsel

790010170245

4816 RE

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:
John L. Henderson

3. ARTICLE DESCRIPTION:
REGISTERED NO. *443859* CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE *Joseph R. ...* ☐ Addressee ☒ Authorized agent
DATE OF DELIVERY *12-12-79*

4. ADDRESS (Complete only if requesting)

5. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

1979-12-12 12 1979

1979-12-12-12

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of the United States
Computer Control Corporation
Rockville, Maryland 20850

2/8/79

Re: MUR 886

Dear Mr. Henderson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, it appears that ~~you may have accepted~~ ~~you have accepted~~ Willis Carto's loan, you may have accepted a corporate contribution on behalf of the American Party of the United States in violation of 2 U.S.C. §441b(a). Furthermore, it appears that by transferrring the loan from your account at Consulting Research and Development, you may have violated the Act's prohibition against making contributions in another's name. When you used Mr. Carto's money to fund the Party's direct mail effort after depositing it in your account and reported the contribution as coming from your company, you may have violated 2 U.S.C. §441f. We have numbered this matter MUR 886.

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. 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.

2/7/79 Robert J. Turner

7700170246

If you have any questions, please contact Robert Furniss, the staff member assigned to this matter, at (202) 523-4529. the staf

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 yours,

/s/

William C. Oldaker
General Counsel

79010170247



FEDERAL ELECTION COMMISSION

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

February 7, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Colonel Curtis Dall
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Colonel Dall:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that your company, Liberty Lobby, may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically it appears that Mr. Willis Carto may have loaned Mr. John Henderson, an agent of the American Party, \$3,000 from Liberty Lobby's treasury in 1975. Corporate contributions, which include loans, are prohibited under 2 U.S.C. § 441b(a). We have numbered this matter MUR 886.

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.

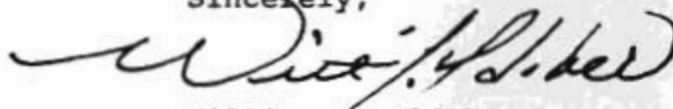
79040170248

If you have any questions, please contact Robert Furniss the staff member assigned to this matter, at (202) 523-4529.

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

7 9 0 1 0 1 7 0 2 4 9

FE 156

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:
Colonel Curtis Dill

3. ARTICLE DESCRIPTION
REGISTERED NO. 943943 CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☒ Addressee ☐ Authorized agent
D. H. Hanna

DATE OF DELIVERY 2/19/79

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

U.S. MAIL FEB 10 1979

FORM 197-2-20-85

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Colonel Curtis Dall
Liberty Lobby, Inc.
300 Independence Avenue, N.E.
Washington, D.C. 20003

2/8/79

Re: MUR 886

Dear Colonel Dall:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that your company, Liberty Lobby, may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically it appears that Mr. Willis Carto may have loaned Mr. John Henderson, an agent of the American Party, \$3,000 from Liberty Lobby's treasury in 1975. Corporate contributions, which include loans, are prohibited under 2 U.S.C. § 441b(a). We have numbered this matter MUR 886.

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.

2/7/79 Robert F. Turner

If you have any questions, please contact Robert Furniss the staff member assigned to this matter, at (202) 523-4529.

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,

(S)

William C. Oldaker
General Counsel

70010170251

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

MUR 886

John L. Henderson)
The American Party at New)
Carrollton, Maryland)
Willis A. Carto)
Liberty Lobby)

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on February 7, 1979, the Commission determined by a vote of 6-0 to adopt the following recommendations, as set forth in the First General Counsel's Report dated February 5, 1979, regarding the above-captioned matter:

1. Find reason to believe that Liberty Lobby violated 2 U.S.C. §441b(a) (1).
2. Find reason to believe that Mr. Willis Carto violated 2 U.S.C. §441f and send the letter attached to the above-named report.
3. Find reason to believe that the American Party of the United States violated 2 U.S.C. §441b(a) (1).
4. Find reason to believe that Mr. John Henderson violated 2 U.S.C. §441f and the send the letter attached to the above-named report.

Continued

79010170252

MUR 886
First General Counsel's Report
Dated February 5, 1979
CERTIFICATION

Page 2

5. Find reason to believe that the American Party of the United States in New Carrollton, Maryland, violated 2 U.S.C. §441f and send the letter attached to the above-named report.

Attest:

2/7/79

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 2-5-79, 11:21
Circulated on 48 hour vote basis: 2:45

79040170253

February 5, 1979

MEMORANDUM TO: Marge Emmons
FROM: Elissa T. Garr
SUBJECT: MUR 886

Please have the attached First General Counsel's
Report on MUR 886 distributed to the Commission on a 48
hour tally basis.

Thank you.

72040170254

FEDERAL ELECTION COMMISSION

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL

BY OGC TO COMMISSION FEB 5 1979

79 FEB 5 11:21

MUR NO. 886

STAFF MEMBER(S) Furniss

SOURCE OF MUR: INTERNALLY GENERATED

RESPONDENT'S NAME: John L. Henderson - The American Party at New Carrollton, Maryland
Willis A. Carto - Liberty Lobby

RELEVANT STATUTE: 2 U.S.C. § 441b(a)
2 U.S.C. § 441f

INTERNAL REPORTS CHECKED: Audit Division
Reports Analysis Division

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

An audit of the American Party of New Carrollton, Maryland, revealed an unreported loan of \$3,000 to Consulting Research and Development Corporation, an affiliated organization of the National American Party, from Liberty Lobby, Inc. This \$3,000 was then loaned to the American Party of New Carrollton, Md., by the Consulting Research and Development Company. The Liberty Lobby loan constitutes a possible corporate contribution (2 U.S.C. § 441b(h) and the use of the Liberty Lobby money as a reported loan from Consulting Research and Development may violate prohibitions against contributions made in the name of another, (2 U.S.C. § 441f). In addition, if Mr. Carto used his name to effect a corporate contribution, he may have violated that section as well.

EVIDENCE

In response to an Audit Division subpoena, Mr. John Henderson supplied the records of the American Party of the United States in New Carrollton, Maryland, ("the Committee"), on February 21, 1978. Mr. Henderson's company, Consulting Research and Development, ("CR&D"), is an authorized affiliate of the American Party. During a conference with staff members of the Audit Division, Mr. Henderson stated that Liberty Lobby, Inc., 1/ advanced him \$3,000 to open the committee's bank account and initiate a direct mail soliciting effort. He deposited the check in the CR & D account to segregate it from the funds of Computer Control Corporation, his regular employer. He later used the \$3,000 to open the committee's account. The Committee's FEC reports

1/ The Washington, D.C. Secretary of State's Corporate Division verified that Liberty Lobby, Inc. was incorporated in Washington, D.C. on February 1, 1962.

disclosed a loan from, and repayment to, CR & D on August 18, 1975, and September 29, 1975, respectively. Because Mr. Henderson considered the Liberty Lobby loan a personal loan from Mr. Willis Carto, the organization's treasurer, he did not report it. A letter dated September 25, 1975, from Mr. Carto requesting repayment of the loan is the evidence Mr. Henderson provided to prove that the loan was made.

On August 22, 1978, the Audit Division mailed Mr. Henderson a copy of the Findings and Recommendations (see attachment) requesting compliance within 30 days. On September 25, 1978, Mr. Henderson provided a statement correcting his statements made during the February 21, 1978, conference. Specifically, he asserted that he had used the original Liberty Lobby check to open the Committee's account. In response to Audit Division's request, he unsuccessfully tried to obtain the original Liberty Lobby check on several occasions.

On October 17, 1978, Mr. Henderson provided checks for repayment of \$3,000 from the Committee to CR & D and from CR & D to Liberty Lobby. He also gave the Audit Division amendments documenting the loan from, and repayment to Liberty Lobby, Inc.

ANALYSIS

2 U.S.C. § 441b(a) prohibits making or accepting corporate contributions. The definition of a contribution includes a loan or advance. Though Mr. Henderson claims that he thought the advance was a personal loan from Mr. Willis Carto, Mr. Carto's letter of September 25, 1975, indicates that the loan was made in behalf of Liberty Lobby, Inc. Mr. Carto referred to "our \$3,000 loan" and requested speedy repayment because "we need the money...in order to meet our October 1 payroll." 2/ Because Mr. Carto appears to be acting in behalf of Liberty Lobby, Inc., particularly when he refers to the payroll, the \$3,000 loan seems to violate 2 U.S.C. § 441b(a). Mr. Henderson, as head of Consulting Research and Development, is an authorized agent of the National American Party, and apparently violated the Act by accepting Mr. Carto's loan. Therefore, the Office of General Counsel recommends that the Commission find reason to believe that Liberty Lobby, Inc. violated 2 U.S.C. § 441b(a) by making a contribution and that the American Party, through John Henderson, violated the same section by accepting this loan.

2 U.S.C. § 441f prohibits an individual from making contributions in another's name or permitting his name to be used to effect such a contribution. The acceptance of such contributions by a political committee with the knowledge of the contribution's source is also illegal under this section.

Mr. Carto's letter indicates that Liberty Lobby, Inc., itself was the source of the loan. If Mr. Carto proposed this transaction as a personal loan, as Mr. Henderson claims, he appears to have violated this section of the Act.

2/ Mr. Carto also maintains "our exertions over the past few weeks have been rather strenuous...due to the initiation of our new weekly, "the National Spotlight."

79010170256

Mr. Henderson claims that he used the original Liberty Lobby, Inc., check to open the Committee's account on August 18, 1975. However, the Committee's FEC reports show a loan from and repayment to CR & D. Mr. Henderson has provided checks to CR & D from the Committee and from CR & D to Liberty Lobby, Inc. It appears, then, that Mr. Henderson deposited the Liberty Lobby, Inc., check in the CR & D account and opened the Committee's account from there. He obviously knew the source of the loan when he opened the Committee's account so that this transaction might constitute both an illegal contribution and acceptance. The Office of the General Counsel recommends that the Commission find reason to believe that both Mr. Willis A. Carto and Mr. John Henderson violated 2 U.S.C. § 441f. Furthermore, since it appears that Mr. Henderson opened the Committee account, we recommend that the Commission find reason to believe that the American Party of the United States in New Carrollton, Maryland, violated 2 U.S.C. § 441f by knowingly accepting a contribution made in the name of another.

RECOMMENDATION

1. Find reason to believe that Liberty Lobby violated 2 U.S.C. § 441b(a)(1).
2. Find reason to believe that Mr. Willis Carto violated 2 U.S.C. § 441f and send the attached letter.
3. Find reason to believe that the American Party of the United States violated 2 U.S.C. § 441b(a)(1).
4. Find reason to believe that Mr. John Henderson violated 2 U.S.C. § 441f and send the attached letter.
5. Find reason to believe that the American Party of the United States in New Carrollton, Maryland, violated 2 U.S.C. § 441f and send the attached letter.

Attachments

Referral materials from Audit Division
Letters to Respondents
Chart of Transactions

79010170257



FEDERAL ELECTION COMMISSION

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

November 7, 1978

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER
STAFF DIRECTOR

FROM: *RPC* BOB COSTA/KEVIN MCFADDEN *KM*

SUBJECT: AMERICAN PARTY OF THE U.S. - CORPORATE
CONTRIBUTION-CONTRIBUTION IN THE NAME
OF ANOTHER

During the audit of the American Party of the United States located in New Carrollton, Maryland ("the Committee"), a fundraising affiliate of the American Party of the United States, Pigeon Forge, Tennessee, the following matter was noted.

On February 21, 1978, Mr. John Henderson, an agent of the American Party of the U.S., made the Committee's records available to the Audit staff in response to a subpoena issued by the Federal Election Commission. In the conference that followed, Mr. Henderson stated that he was advanced \$3,000 by Liberty Lobby, Inc., to open the Committee's bank account and initiate direct mailing to solicit contributions. He stated that he deposited the check into a Consulting Research and Development (C.R. & D.) account, his private business, to segregate the Committee's activities from Computer Control Corporation, his regular employer. He stated that he later used the \$3,000 as the initial deposit to open the Committee's account. The Committee's FEC reports disclosed a loan from, and repayment to, Consulting Research and Development Corporation, on August 18, 1975 and September 29, 1975 respectively. Mr. Henderson stated that he did not disclose the loan from, and repayment to, Liberty Lobby, Inc., because he felt that the loan was made to him personally by Willis Carto, the Treasurer of Liberty Lobby, Inc. The only documentary evidence made available by the Committee relating to this transaction was a letter from Liberty Lobby/Willis Carto to Mr. Henderson seeking repayment of the \$3,000 loan from the proceeds of the direct mailing (Attachment I).



79010170258

In the letter of Audit Findings and Recommendations (Attachment II), the Audit staff cited Sections 2 U.S.C. 441f and 441b(a) and made the following recommendation:

1. that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby.
2. that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the C.R. & D. account.
 - b) the check transferring the \$3,000 from the C.R. & D. account into the Committee's account.
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the C.R. & D. account, and
 - d) the check representing the repayment of the \$3,000 loan from the C.R. & D. account to Liberty Lobby.

On September 25, 1978, Mr. Henderson provided a statement that his statement of February 21, 1978 that "he had deposited the \$3,000 Liberty Lobby check into the C.R. & D. account", was untrue and was either misstated or misinterpreted. He further stated that he used the original Liberty Lobby check to open the Committee account on August 18, 1975.

On October 17, 1978, Mr. Henderson provided checks documenting the repayment of \$3,000 from the Committee to C.R. & D. and from C.R. & D. to Liberty Lobby. He also hand delivered amendments which disclosed a loan from, and repayment to, Liberty Lobby, Inc.

An earlier telephone call to the Washington D.C. Secretary of State Corporate Division on June 19, 1978 confirmed that Liberty Lobby was incorporated in Washington, D.C. on February 1, 1962.

This matter is being referred to your office for treatment as a possible MUR. If you have any questions, please contact Kevin McFadden on extension 3-4155.

Attachments as stated

79010170259

HEADQUARTERS OFFICE:
300 INDEPENDENCE AVENUE, S.E.
WASHINGTON, D. C. 20003
PHONE: LIBERTY 6-3611

WEST COAST OFFICE:
P.O. Box 36132
LOS ANGELES, CALIFORNIA 90036

September 25, 1975

Mr. John L. Henderson
Computer Control Corp.
251 H. Stonestreet Ave.
Rockville, Md. 20850

Dear John:

I am certainly glad to learn that the test mailing for the American Party is a success.

Regretfully I must now ask for repayment of our \$3,000 loan out of the proceeds of the test. As you know, our exertions over the past few weeks have been rather tremendous, both financially and otherwise, due to the initiation of our new weekly, the NATIONAL SPOTLIGHT.

As a matter of fact, we need the money by Tuesday, September 30, in order to meet our October 1 payroll so your immediate attention will be appreciated.

Incidentally, I recommend that you expand this mailing to other lists as rapidly as possible. Time, of course, is of the essence, just as it has been over the last months which encountered so much unfortunate delay. If additional capital is needed to reach as many voters as possible between now and the election, with the message of the American Party, perhaps some other AP supporter would be willing to extend an interest-free loan.

Sincerely,


Willie A. Carto
Treasurer

WAC/brd



FEDERAL ELECTION COMMISSION

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

ATTACHMENT 2

Mr. John L. Henderson
The American Party of the United States
P.O. Box 418
Stanardsville, Virginia 22973

Dear Mr. Henderson:

The attached is to formally advise you of the findings and recommendations of the Audit staff resulting from the audit of the American Party of the United States.

You are requested to comply with the stated recommendations within 30 days of the receipt of this letter. After expiration of the 30 day period, the Audit staff will present a final audit report to the Commission for approval and subsequent public release. Efforts to comply with the recommendations will be noted in the report when presented. Failure to comply with the recommendations will also be noted.

We have also enclosed copies of the details of the findings, suggested amendments and a copy of the Commission's Comprehensive Amendment Procedures to assist you in filing the requested amendments. The records made available for the audit may be picked up at the Commission during business hours at your convenience. If you have any questions, please do not hesitate to contact Jim Nycum or Kevin McFadden at (202) 523-4155 or toll free on (800) 424-9530.

Sincerely,

Robert J. Costa
Assistant Staff Director
for the Audit Division

Attachment as stated



CERTIFIED MAIL:
RETURN RECEIPT REQUESTED

Audit Findings and Recommendations

A. Documentation for and Reporting of Loans

Section 441f of Title 2, United States Code, states, in part, that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution. Section 431(e)(1) of Title 2, United States Code defines a loan as a contribution.

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to any political office and unlawful for any Federal candidate, political committee, or other person to knowingly accept or receive any contribution from a corporation.

Our review of the Committee reports revealed that the Committee disclosed a loan from, and repayment to, Consulting Research and Development Corporation, on August 18, 1975 and September 29, 1975 respectively, in the amount of \$3,000.

During a conference on February 21, 1978, you, as an agent of the Committee, stated that the Committee was advanced \$3,000 by Liberty Lobby, a Washington, D.C. lobby group to open the Committee's bank account and initiate direct mailing to solicit contributions. You stated that you deposited the check into a Consulting Research and Development Corporation account to segregate the Committee's activities from Computer Control Corporation, your regular employer. You stated that you had formed, incorporated (January 6, 1975) and were 100% owner of Consulting Research and Development Corporation at the time.

At our request you attempted to obtain a copy of the \$3,000 Liberty Lobby check but the Committee's bank replied that checks deposited into their customer's accounts are only available for two (2) years after deposit.

Recommendation

1. We recommend, based on your verbal statement, that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby within 30 days of receipt of letter.
2. We recommend that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the Consulting Research and Development account
 - b) the check transferring the \$3,000 from the Consulting Research and Development account into the Committee's account
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the Consulting Research and Development account, and
 - d) the check representing the repayment of the \$3,000 loan from the Consulting Research and Development account to Liberty Lobby.

79040170263



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Willis A. Carto
Liberty Lobby, Inc.
300 Independence Avenue
Washington, D.C. 20003

Re: MUR 886

Dear Mr. Carto:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, you loaned Mr. John Henderson, an agent of the American Party, \$3,000. The \$3,000 loan appears to have come from Liberty Lobby funds. If this is correct, you may have violated 2 U.S.C. § 441f which prohibits individuals from making contributions in another's name. In your case, you, as agent for Liberty Lobby, may have used your name in making a corporate contribution from Liberty Lobby, Inc. We have numbered this matter MUR 886.

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. 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 Robert Furniss, the staff member assigned to this matter, at (202) 523-4529.

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

79040170265



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Henderson
American Party of the United States
Computer Control Corporation
Rockville, Maryland 20850

Re: MUR 886

Dear Mr. Henderson:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that you may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, it appears that when you accepted Mr. Willis Carto's loan, you may have accepted a corporate contribution on behalf of the American Party of the United States in violation of 2 U.S.C. §441b(a). Furthermore, it appears that by transferring the loan from your account at Consulting Research and Development, you may have violated the Act's prohibition against making contributions in another's name. When you used Mr. Carto's money to fund the Party's direct mail effort after depositing it in your account and reported the contribution as coming from your company, you may have violated 2 U.S.C. §441f. We have numbered this matter MUR 886.

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. 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 Robert Furniss, the staff member assigned to this matter, at (202) 523-4529.

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 yours,

William C. Oldaker
General Counsel

722313132367



FEDERAL ELECTION COMMISSION

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Colonel Curtis Dall
Liberty Lobby, Inc.
300 Independence Avenue, S.E.
Washington, D.C. 20003

Re: MUR 886

Dear Colonel Dall:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission has found reason to believe that your company, Liberty Lobby, may have violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically it appears that Mr. Willis Carto may have loaned Mr. John Henderson, an agent of the American Party, \$3,000 from Liberty Lobby's treasury in 1975. Corporate contributions, which include loans, are prohibited under 2 U.S.C. § 441b(a). We have numbered this matter MUR 886.

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.

70010170263

If you have any questions, please contact Robert Furniss the staff member assigned to this matter, at (202) 523-4529.

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

79040170269

CHRONOLOGY OF TRANSACTION

February 23, 1978 version:

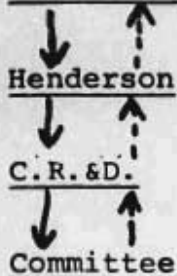
1. Henderson receives loan from Willis Carto-Liberty Lobby
2. Henderson deposits funds in C.R.&D. account
3. Henderson opens Committee account from C.R.&D.; August 18, 1975
4. Committee repays C.R.&D. account, September 29, 1975
5. C.R.&D. repays Carto-Liberty Lobby

~~September 28~~, 1978 version:

1. Henderson receives loan from Carto-Liberty Lobby
2. Henderson opens Committee account with original Liberty Lobby check
3. Committee repays C.R.&D. account, September 29, 1978.
4. C.R.&D. repays Carto-Liberty Lobby

I.

Carto-Liberty Lobby



Loan: _____

Repayment: -----

Carto-Liberty Lobby





FEDERAL ELECTION COMMISSION

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

November 7, 1978

MEMORANDUM

TO: BILL OLDAKER

THROUGH: ORLANDO B. POTTER ^{AL for}
STAFF DIRECTOR ^{G.A.P.}

FROM: *RJC* BOB COSTA/KEVIN MCFADDEN *KM*

SUBJECT: AMERICAN PARTY OF THE U.S. - CORPORATE
CONTRIBUTION-CONTRIBUTION IN THE NAME
OF ANOTHER

During the audit of the American Party of the United States located in New Carrollton, Maryland ("the Committee"), a fundraising affiliate of the American Party of the United States, Pigeon Forge, Tennessee, the following matter was noted.

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79000170271

In the letter of Audit Findings and Recommendations (Attachment II), the Audit staff cited Sections 2 U.S.C. 441f and 441b(a) and made the following recommendation:

1. that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby.
2. that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the C.R. & D. account.
 - b) the check transferring the \$3,000 from the C.R. & D. account into the Committee's account.
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the C.R. & D. account, and
 - d) the check representing the repayment of the \$3,000 loan from the C.R. & D. account to Liberty Lobby.

On September 25, 1978, Mr. Henderson provided a statement that his statement of February 21, 1978 that "he had deposited the \$3,000 Liberty Lobby check into the C.R. & D. account", was untrue and was either misstated or misinterpreted. He further stated that he used the original Liberty Lobby check to open the Committee account on August 18, 1975.

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An earlier telephone call to the Washington D.C. Secretary of State Corporate Division on June 19, 1978 confirmed that Liberty Lobby was incorporated in Washington, D.C. on February 1, 1962.

This matter is being referred to your office for treatment as a possible MUR. If you have any questions, please contact Kevin McFadden on extension 3-4155.

Attachments as stated

HEADQUARTERS OFFICE:
300 INDEPENDENCE AVENUE, S.E.
WASHINGTON, D. C. 20003
PHONE: LIBERTY 6-3611

WEST COAST OFFICE:
P.O. Box 36132
LOS ANGELES, CALIFORNIA 90036

September 25, 1975

Mr. John L. Henderson
Computer Control Corp.
251 N. Stonestreet Ave.
Rockville, Md. 20850

Dear John:

I am certainly glad to learn that the test mailing for the American Party is a success.

Regretfully I must now ask for repayment of our \$3,000 loan out of the proceeds of the test. As you know, our exertions over the past few weeks have been rather tremendous, both financially and otherwise, due to the initiation of our new weekly, the NATIONAL SPOTLIGHT.

As a matter of fact, we need the money by Tuesday, September 30, in order to meet our October 1 payroll so your immediate attention will be appreciated.

Incidentally, I recommend that you expand this mailing to other lists as rapidly as possible. Time, of course, is of the essence, just as it has been over the last months which encountered so much unfortunate delay. If additional capital is needed to reach as many voters as possible between now and the election, with the message of the American Party, perhaps some other AP supporter would be willing to extend an interest-free loan.

Sincerely,


Willis A. Carto
Treasurer

WAC/brd



FEDERAL ELECTION COMMISSION

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

ATTACHMENT 2

Mr. John L. Henderson
The American Party of the United States
P.O. Box 418
Stanardsville, Virginia 22973

Dear Mr. Henderson:

The attached is to formally advise you of the findings and recommendations of the Audit staff resulting from the audit of the American Party of the United States.

You are requested to comply with the stated recommendations within 30 days of the receipt of this letter. After expiration of the 30 day period, the Audit staff will present a final audit report to the Commission for approval and subsequent public release. Efforts to comply with the recommendations will be noted in the report when presented. Failure to comply with the recommendations will also be noted.

We have also enclosed copies of the details of the findings, suggested amendments and a copy of the Commission's Comprehensive Amendment Procedures to assist you in filing the requested amendments. The records made available for the audit may be picked up at the Commission during business hours at your convenience. If you have any questions, please do not hesitate to contact Jim Nycum or Kevin McFadden at (202) 523-4155 or toll free on (800) 424-9530.

Sincerely,

Robert J. Costa
Assistant Staff Director
for the Audit Division

Attachment as stated



CERTIFIED MAIL:
RETURN RECEIPT REQUESTED

72040170275

Audit Findings and Recommendations

A. Documentation for and Reporting of Loans

Section 441f of Title 2, United States Code, states, in part, that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution. Section 431(e)(1) of Title 2, United States Code defines a loan as a contribution.

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any Federal election to any political office and unlawful for any Federal candidate, political committee, or other person to knowingly accept or receive any contribution from a corporation.

Our review of the Committee reports revealed that the Committee disclosed a loan from, and repayment to, Consulting Research and Development Corporation, on August 18, 1975 and September 29, 1975 respectively, in the amount of \$3,000.

During a conference on February 21, 1978, you, as an agent of the Committee, stated that the Committee was advanced \$3,000 by Liberty Lobby, a Washington, D.C. lobby group to open the Committee's bank account and initiate direct mailing to solicit contributions. You stated that you deposited the check into a Consulting Research and Development Corporation account to segregate the Committee's activities from Computer Control Corporation, your regular employer. You stated that you had formed, incorporated (January 6, 1975) and were 100% owner of Consulting Research and Development Corporation at the time.

At our request you attempted to obtain a copy of the \$3,000 Liberty Lobby check but the Committee's bank replied that checks deposited into their customer's accounts are only available for two (2) years after deposit.

Recommendation

1. We recommend, based on your verbal statement, that the Committee amend their reports to disclose the loan from, and repayment to, Liberty Lobby within 30 days of receipt of letter.
2. We recommend that the Committee attempt to obtain and provide:
 - a) a copy of the \$3,000 Liberty Lobby check deposited into the Consulting Research and Development account
 - b) the check transferring the \$3,000 from the Consulting Research and Development account into the Committee's account
 - c) a copy of the check representing the repayment of the \$3,000 from the Committee's account to the Consulting Research and Development account, and
 - d) the check representing the repayment of the \$3,000 loan from the Consulting Research and Development account to Liberty Lobby.

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FEDERAL ELECTION COMMISSION

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THIS IS THE BEGINNING OF MUR # 886

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