

**RECORD**

February 1992

999 E Street NW

Washington DC

20463

Volume 18, Number 2

**PUBLIC FUNDING****FEC INTRODUCES CHECKOFF EDUCATION ADS AND HOTLINE**

At a January 3, 1992, press conference held at the National Press Club in Washington, DC, FEC Chairman Joan D. Aikens announced the start of a taxpayer education effort to help taxpayers "make an informed choice" when filling out the checkoff question on federal income tax forms. The project, timed to coincide with the mailing of 1991 tax forms to 110 million households, features public service announcements and a toll-free telephone line to order a free brochure on the checkoff program (800/486-8496).

"The first question that we taxpayers will face when filling out those forms asks if we want to dedicate a dollar of our taxes to the Presidential election campaign," the Chairman stated. She went on to say that it is the FEC's responsibility to make sure taxpayers know the facts about the checkoff before checking "yes" or "no." Citing the results of a market research study conducted a year ago, she said that, while few taxpayers understand how the Presidential tax checkoff works, many are interested in learning more about it.

The FEC first responded to this interest through public service announcements aired in March and April 1991. This year's effort, which again features radio and television public service spots in English and Spanish, has added a print ad for which the FEC is seeking public service placement in magazines and newspapers (see back page). The media ads publicize the new toll-free number for ordering the brochure, which explains why Congress established Presidential public funding and how checkoff dollars are spent. Additionally, the FEC has asked computer companies that produce tax preparation software to program a "help" command to provide facts about the checkoff.

**FUND SHORTFALL ASSURED IN 1996**

On January 3, 1992, FEC Chairman Joan D. Aikens announced that a shortfall in the Presidential Election Campaign Fund for the 1992 elections was now considered unlikely but warned that a 1996 shortfall "is virtually assured" unless Congress takes action. The Chairman reported on the status of the Fund at a press conference to launch a taxpayer education program (see previous article).

(continued)

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**1992 Funding**

The Chairman explained that a 1992 shortfall was unlikely because matching fund requests received in December and January were smaller than had been anticipated. Last August, the FEC had projected that January and February matching fund payments would total \$18 million. However, the actual January payment was \$6.4 million, and requests for February payments totaled \$3 million (see Chart 1).

The forecast was also improved by the fact that total checkoff receipts deposited in the Fund in 1991 declined much less than had been anticipated.<sup>1/</sup> Moreover, the inflation rate was lower than had been anticipated, which decreased the demand on the Fund.

At the time of publication, the balance of the Fund was \$10.3 million—enough to cover the February payments. (See Chart 2, page 4.) This amount represents the net balance, after the set aside of \$110.45 million needed for the general election and conventions.<sup>2/</sup> Additional dollars checked off by taxpayers this year on 1991 returns are expected to replenish the Fund for the remainder of the 1992 primary campaign season.

**1996 Funding**

The Chairman explained, however, that a 1996 shortfall was certain to occur. "One reason," Mrs. Aikens said, "is a structural flaw in the checkoff program." Payments to candidates and convention committees are

indexed to inflation, but the dollar checkoff is not. For example, the 1974 law established the general election grant for each major party nominee at \$20 million, as adjusted for inflation. This year, each party nominee will receive nearly \$55 million, representing a 280 percent increase over the \$20 million base amount. Yet the dollar checkoff has remained the same. Chairman Aikens said that 1996 candidates "could qualify for more than twice the amount of available checkoff dollars. As a result, there may not be any public money available for the primary election campaigns in 1996, not because of a lack of taxpayer participation [in the checkoff program], but because of the effects of inflation." (See Chart 3, page 5.)

Stressing that only legislative action could preserve the public funding program, she noted three possible solutions the FEC had submitted to Congress: indexing the checkoff to inflation; supplementing or replacing the checkoff with traditional appropriations; or treating the Fund as a non-discretionary entitlement account.

<sup>1/</sup>The FEC's Fund estimates were based on an expectation that checkoff dollars would decline by \$2 million. In fact, they declined by approximately \$200,000.

<sup>2/</sup>The Democratic and Republican parties received most of their public funds—\$10.6 million each—in July 1991. The parties will receive a small payment early in 1992 to adjust the 1991 funding for inflation.

Federal Election Commission, 999 E Street, NW, Washington, DC 20463  
800/424-9530 202/219-3420 202/219-3336 (TDD)

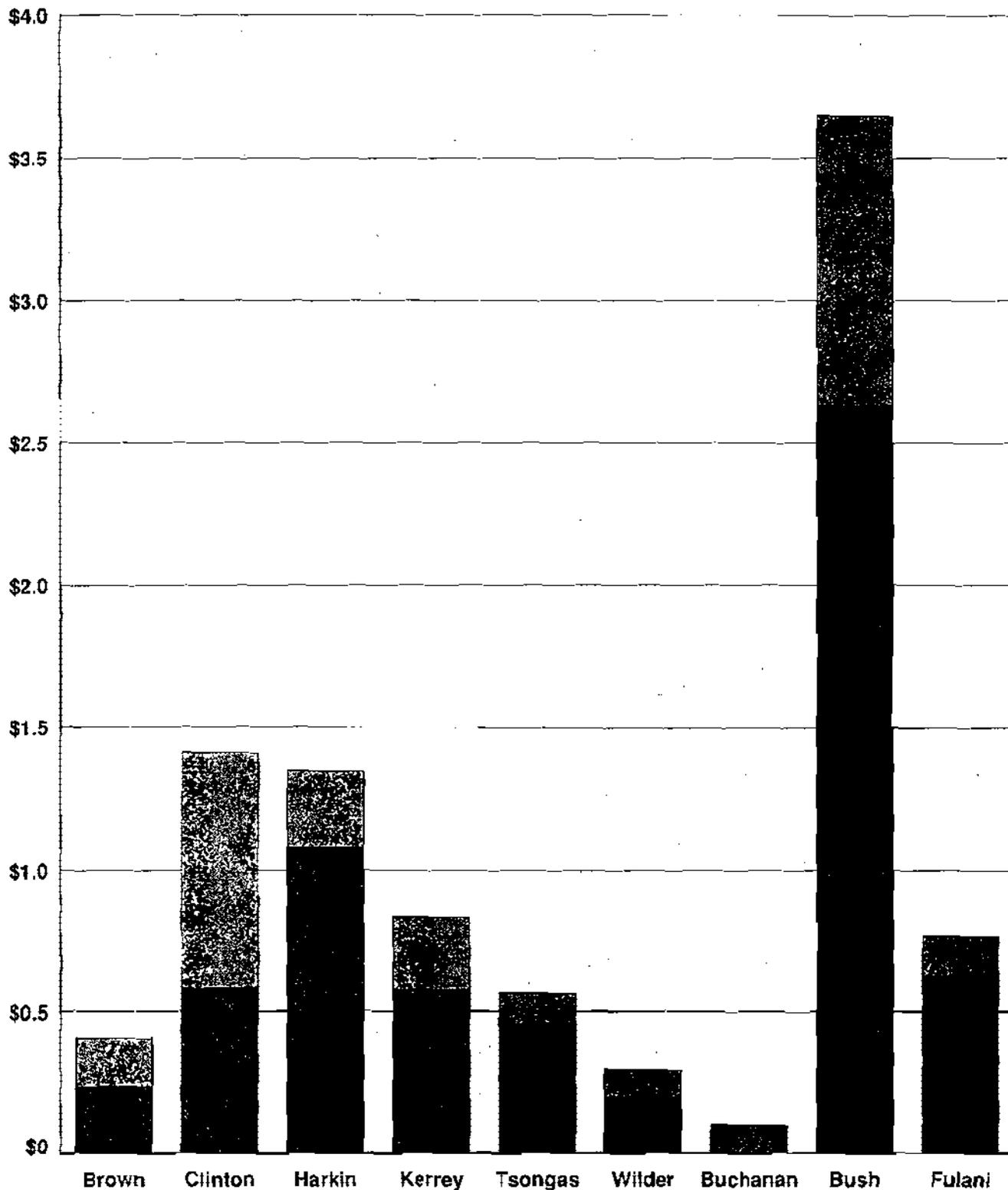
Joan D. Aikens, Chairman  
Scott E. Thomas, Vice Chairman  
Lee Ann Elliott  
Danny L. McDonald  
John Warren McGarry  
Trevor Potter

Walter J. Stewart, Secretary of the Senate,  
Ex Officio Commissioner  
Donald K. Anderson, Clerk of the House of  
Representatives, Ex Officio Commissioner

**Chart 1**  
**Matching Funds**  
**January - February 1992**

February Requests  
January Payments

Millions of Dollars

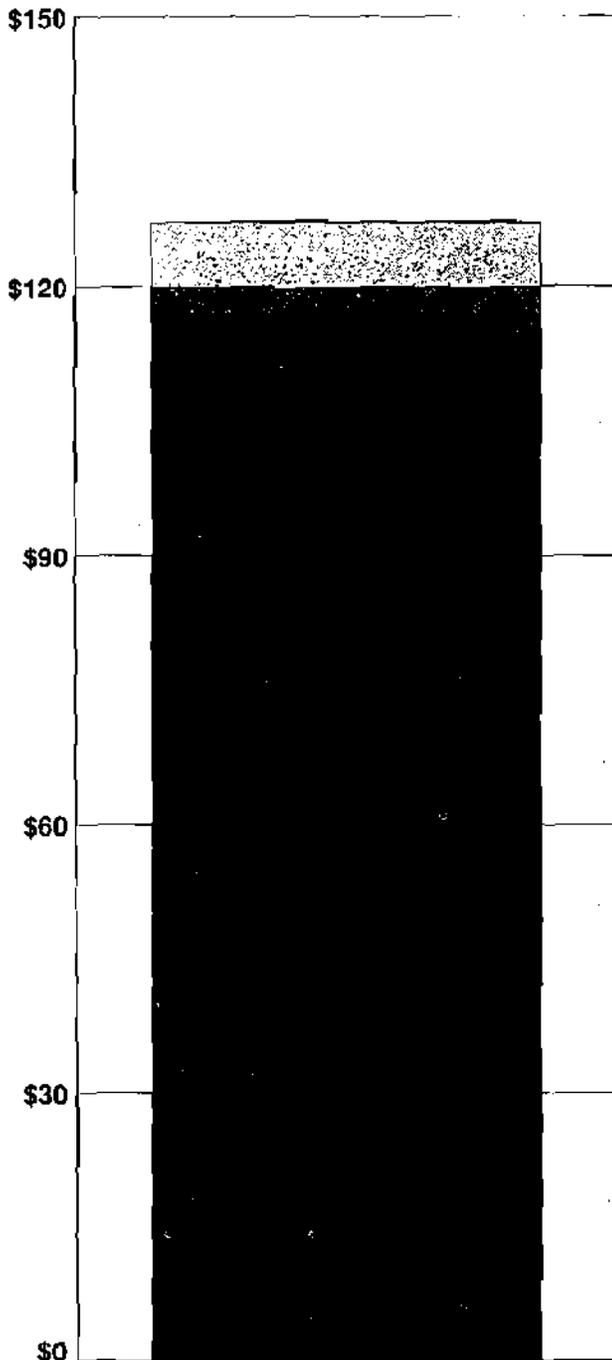


**Chart 2**  
**Status of Presidential Election**  
**Campaign Fund on January 6, 1992**

-  Funds Remaining
-  February Matching Fund Requests
-  January Matching Fund Payments
-  General Election and Convention Funding

NOTE: Approximately \$19 million will be added to the fund during February, March and April.

Millions of Dollars



**PUBLIC APPEARANCES**

- 2/3 The American University  
 Washington, DC  
 Commissioner John Warren McGarry  
 Michael G. Dickerson, Chief  
 Public Records Branch
- 2/14 Washington Center for Politics &  
 Journalism  
 Washington, DC  
 Commissioner Scott E. Thomas  
 Michael G. Dickerson, Chief  
 Public Records Branch
- 2/25 First Christian Church  
 Washington, DC  
 Michael G. Dickerson, Chief  
 Public Records Branch  
 Dorothy L. Hutcheon, Public  
 Information Specialist
- 2/28 Republican Party of California  
 Burlingame, California  
 Craig M. Engle, Executive  
 Assistant to Commissioner  
 Lee Ann Elliott
- 3/27 Tiger Bay Club  
 Tallahassee, Florida  
 Chairman Joan D. Aikens

**UPCOMING FEC CONFERENCES**

The FEC is planning to hold three campaign finance conferences in upcoming months. As yet, the dates and Florida and California conference cities have not been determined; look for details in future issues.

**March Conference in Florida;  
 April Conference in California**

These conferences will offer workshops for House and Senate candidates and their committees, party committees, and PACs established by corporations, trade associations and labor organizations.

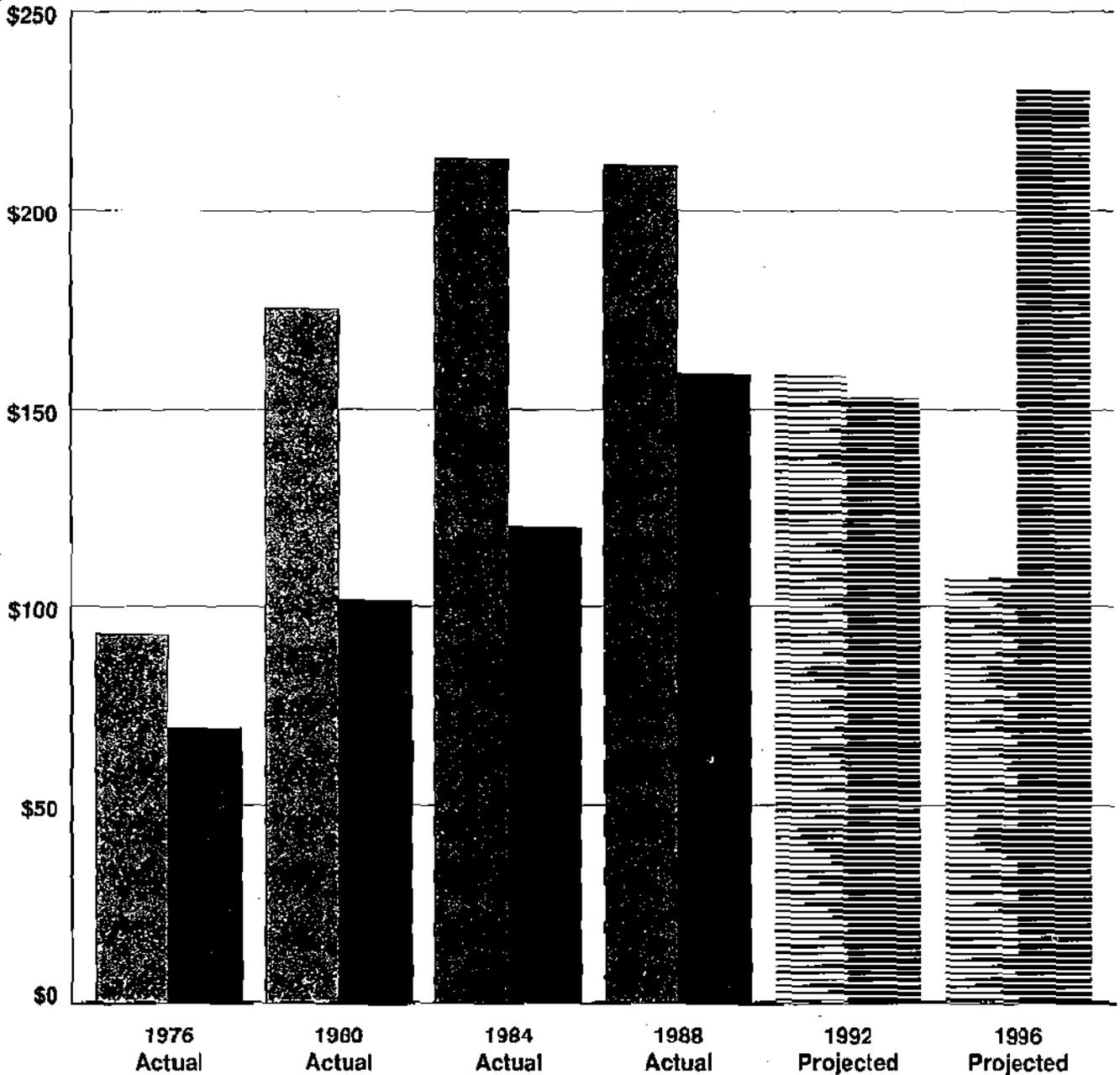
**May Corporate/Labor Conference in DC**

This one-day conference in Washington, DC, will focus on corporations, trade associations, labor organizations and their PACs.

**Chart 3**  
**Presidential Campaign Fund:**  
**Money Available and Spent \***

Actual Funds Available †  
 Actual Disbursements ‡  
 Projected Funds Available  
 Projected Disbursements

Millions of Dollars



\* The Commission used the following assumptions and estimates in making its projections: (1) a 5 percent inflation rate for calendar years 1992-1995; (2) estimated 1992 election cycle payouts to primary candidates based on submissions made in 1991; (3) estimated 1996 election cycle payouts to primary candidates based on 1988 figures adjusted for inflation; (4) in 1996, no incumbent candidate (wide-open field); (5) in 1992 and 1996, no payouts to independent or third party candidates or conventions.

† "Actual Funds Available" means the balance at the end of the year before the Presidential election year plus election year checkoff receipts.

‡ "Actual Disbursements" means disbursements from the Fund during the Presidential election year.

**LAROCHE DENIED MATCHING FUND ELIGIBILITY**

On December 19, 1991, the Commission made an initial determination that Lyndon H. LaRouche, Jr., was ineligible to receive matching funds for his 1992 Presidential primary campaign. The decision was based on Mr. LaRouche's past abuse of the public funding law, his current status as an imprisoned, convicted felon, and the agency's statutory obligation to protect public funds.

Although Mr. LaRouche's threshold submission for matching funds included the required letter of agreements and certifications in which he promised to comply with the law,<sup>1/</sup> the Commission did not believe the letter could be accepted on its face, based on Mr. LaRouche's record in previous publicly financed campaigns. Under FEC regulations at 11 CFR 9033.4(b), when evaluating a candidate's eligibility for matching funds, the Commission may consider a candidate's past actions.

Among past actions the Commission considered were Mr. LaRouche's 1988 criminal conviction for fraudulent fundraising practices; his previous violations of the Matching Payment Account Act, evidenced by numerous enforcement matters and law suits; and his repudiation of previous letters of candidate agreements and certifications. The record showed that Mr. LaRouche, over the course of four Presidential campaigns, had established a pattern of submitting false information to the Commission, fraudulently inducing individuals to contribute and submitting contributions for matching that lacked the requisite intent by donors to make a campaign contribution.

The Commission also considered the impact of Mr. LaRouche's criminal conviction and imprisonment on the viability of his current Presidential campaign. Thirty-six states prohibit a currently imprisoned felon from appearing on their ballots. The practical difficulties faced by Mr. LaRouche's 1992 campaign, which call into question the seriousness of his candidacy, reinforced the agency's decision to deny his eligibility for matching funds.

The LaRouche campaign may respond to this initial determination within 30 days;

the Commission will consider the campaign's response when making its final determination.

**HEARING ON KEMP REPAYMENT DETERMINATION**

In an open session on December 10, 1991, John J. Duffy, counsel for the Jack Kemp for President Committee, challenged the Commission's initial determination that the Committee repay \$187,069 in primary matching funds to the U.S. Treasury. The Committee had received \$5.985 million in matching funds for then-Congressman Kemp's 1988 Presidential campaign.

The requested repayment, which was based on the final audit report,<sup>1/</sup> consisted of: \$60,259, the pro rata portion of amounts spent in excess of the Iowa and New Hampshire expenditure limits; and \$126,811, the total of stale-dated Committee checks that were never cashed.<sup>2/</sup>

The Committee's written response to the initial repayment determination contested several findings in the final audit report. In his presentation before the Commission, Mr. Duffy focused on one particular issue: the FEC's allocation of certain amounts spent by Campaign for Prosperity (CFP), a leadership PAC associated with Congressman Kemp, to the Iowa and New Hampshire expenditure limits.

CFP paid \$2,498 in costs associated with certain appearances made by Mr. Kemp at Iowa and New Hampshire events that took place during September and November 1986, shortly before he announced his Presidential candidacy. Based on CFP's disclosure reports and documentation submitted by the Kemp Committee and CFP in response to Commission subpoenas, the agency concluded that Mr. Kemp's appearance at these events was testing-the-waters activity in connection with his prospective Presidential candidacy. CFP's payments therefore constituted in-kind contributions to the Kemp Committee when Mr. Kemp became a candidate. A portion of the payments (\$1,782) was chargeable to the state expenditure limits.

<sup>1</sup>The audit report was summarized in the September 1991 Record.

<sup>1</sup>The original letter, submitted on November 18, 1991, was initially rejected by the FEC's Office of General Counsel because of qualifying language added by the LaRouche campaign; on December 2, the campaign submitted a revised letter which, on its face, met the legal requirements.

<sup>2</sup>In its written response, the Committee said that it has resolved \$80,571 in stale-dated checks, providing documentation for some and stating its intention to submit documentation for the remaining checks at a later date.

Mr. Duffy maintained that the appearances did not qualify as testing-the-waters activity, based on the Commission's determination in AO 1986-6.3/ He also said that the timing of an appearance should not in and of itself lead to a determination that the activity was a testing-the-waters or campaign event.

The Commission will consider the Committee's oral and written responses when it makes a final repayment determination, which will be accompanied by a Statement of Reasons.

## PUBLICATIONS

### FEC PUBLISHES LEGAL HISTORY OF FUND ACT

In January 1992, the FEC published the Legal History of the Presidential Election Campaign Fund Act, which traces the development of the public funding law from 1966, when the first public funding legislation was enacted, through 1980, when the current law was amended to increase the public funding entitlement for major party conventions.

The 1966 law (Pub. L. 89-909), like the current law, provided for a Presidential Election Campaign Fund consisting of dollars checked off on income tax returns. However, the law became inoperative a year later because no budget was authorized or appropriated for its implementation. Floor debates on Presidential funding and proposed legislation continued until Congress passed the Revenue Act of 1971 (Pub. L. 92-178), which formed the basis for the public funding system in effect today.

Compiled and edited by the FEC's library staff, the Legal History reprints the bills, accompanying reports and floor debates from which the present law was derived. It also includes the main body of a 1957 report on campaign finance activity in the 1956 general election (the Gore Report).

The two-volume compilation is hard bound with back pockets for placement of an index, which will be published in the

<sup>3</sup>In AO 1986-6, the Commission concluded that a leadership PAC could pay for a potential candidate's expenses related to party building and PAC fundraising provided that any references to the individual's potential candidacy were incidental to the activity.

future. The Legal History has been distributed to federal depository libraries (state, university and major metropolitan libraries). It may also be ordered from the U.S. Government Printing Office at a cost of \$67 for the set. When ordering, include the title and stock number (052-006-00051-1). Checks should be made out to the Superintendent of Documents. Mail the order to: Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

## AUDITS

### AUDIT REPORTS ON 1988 DUKAKIS AND BUSH CAMPAIGNS RELEASED

In November and December 1991, the FEC released to the public three more final audit reports on 1988 Presidential campaigns that received public funds.<sup>1/</sup> The audit reports contain the Commission's initial determinations concerning the amount of public funds the campaigns must repay to the U.S. Treasury, based on audit findings. These initial determinations are briefly summarized below.

If the initial determinations are not disputed within 30 days, they become final. If a campaign does dispute an initial determination, the Commission will consider the response before making a final repayment determination.

#### Dukakis Primary Campaign

In the final audit report on the Dukakis for President Committee, Inc., the Commission made several initial repayment determinations that amounted to an overall repayment of \$492,164. The Committee had received \$9.040 million in primary matching funds. The total repayment consisted of the following amounts:

- o \$82,171, the pro rata portion of \$277,053 the Committee spent in excess of the Iowa expenditure limit;
- o \$17,319, the pro rata portion of \$58,392 spent in excess of the New Hampshire expenditure limit;
- o \$314,640, representing matching funds to which the candidate was not entitled (the candidate was in a surplus position on

(continued)

<sup>1</sup>To date, the Commission has completed 21 audit reports on 1988 publicly funded campaigns; the remaining 3 audit reports are in progress.

## REGULATIONS

- his date of ineligibility, and the \$314,640 matching fund payment was made after that date);
- o \$35,634, the pro rata portion of \$120,146 in surplus funds that remained after the committee had paid its debts; and
  - o \$42,400, the total of stale-dated committee checks that were never cashed.

The Dukakis Committee made a partial repayment of \$485,000 to the U.S. Treasury on April 1, 1991, leaving \$7,164 as yet unpaid.

### Dukakis General Election Campaign

The final audit report on the Dukakis/Bentsen Committee, Inc. and the campaign's legal and compliance fund contained one repayment determination: \$334,683 repayable as interest earned on public funds minus taxes. The Committee made the repayment on February 14, 1991, satisfying the obligation.

### Bush General Election Campaign

With respect to Bush-Quayle 88, Inc. (the Committee) and the campaign's legal and compliance fund, the Commission's initial repayment determinations totaled \$126,510, which consisted of the following amounts:

- o \$95,909 in excessive reimbursements from media firms for press travel;<sup>2/</sup>
- o \$30,101 in nonqualified campaign expenses; and
- o \$500 for a stale-dated check that remained outstanding.

Additionally, the audit final report found that the Committee had exceeded the \$46.1 million expenditure limit by \$218,604. The Commission recommended that, to resolve the excessive amount, the Committee reduce its expenditures by receiving a reimbursement from the compliance fund for expenses which could have been paid by the fund as exempt compliance costs. The Committee was required to submit a copy of the reimbursement check.

<sup>2</sup>The \$95,909 repayment is the difference between the reimbursements received from media firms equal to 110 percent of actual media travel costs (the maximum billable amount) and 103 percent of those costs (costs plus a 3 percent allowance for administrative expenses). This difference is considered profit and is therefore repayable.

### FINAL RULES ON BANK LOANS

On December 20, 1991, the Commission sent to Congress final revisions to the bank loan regulations at 11 CFR 100.7(b)(11) and 100.8(b)(12). The agency also transmitted to Congress new forms that implement additional reporting requirements under revised 11 CFR 104.3(d).

The Record will announce the effective date of the new rules when the Commission prescribes them, following the expiration of 30 legislative days in each House of Congress. 2 U.S.C. §438(d). The new forms will become effective on the same date as the rules.

The final rules and their explanation and justification were published in the Federal Register on December 27, 1991 (56 FR 67118).

The revisions provide guidance on when a loan from a lending institution is made "on a basis which assures repayment." They additionally clarify that lines of credit are subject to the same requirements as other bank loans. Moreover, the revised rules focus on the restructuring, rather than the settlement, of bank loans and consider each restructuring a new loan.

### Current Rules

The current regulations at 11 CFR 100.7(b)(11) and 100.8(b)(12) apply to loans from lending institutions such as state or federally chartered banks, federally insured savings and loan associations and federally insured credit unions. Under those rules, which are based on 2 U.S.C. §431(8)(B)(vii), a loan from a lending institution is permissible if it is made in accordance with applicable banking laws and in the ordinary course of business. The regulations define when a loan is made in the ordinary course of business: (1) the loan bears the usual and customary interest rate of the lending institution for the category of loan involved; (2) it is evidenced by a written instrument; (3) it is subject to a due date or amortization schedule; and (4) it is made on a basis which assures repayment.

The revised rules clarify this fourth condition.

### Revised Rules: Methods of Assuring Repayment

Under new sections 100.7(b)(11)(i) and (ii) and 100.8(b)(12)(i) and (ii), a loan

is made on a basis which assures repayment if it is obtained under either of two authorized methods or a combination of the two.

**Method 1: Traditional Collateral, Cosigners.** A loan is made on a basis which assures repayment if it is obtained using traditional types of collateral and/or secondary sources of repayment such as guarantors or cosigners. 11 CFR 100.7(b)(11)(i)(A) and 100.8(b)(12)(i)(A).

Examples of traditional sources of collateral include: ownership in real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable and cash on deposit. For a loan to be made on a basis which assures repayment, the recipient candidate or political committee must document that the lending institution has a perfected security interest in the collateral. (This means that the lender has taken the legal steps necessary to protect its interest in the collateral.) Moreover, the fair market value of the collateral on the date of the loan must equal or exceed the amount of the loan and any senior liens.

With respect to secondary sources, an endorsement or guarantee of a loan is considered a contribution by the endorser or guarantor and is thus subject to the law's prohibitions and limits on contributions.

**Method 2: Future Receipts.** Under 11 CFR 100.7(b)(11)(i)(B) and 100.8(b)(12)(i)(B), a loan is also considered to be made on a basis which assures repayment if it is obtained using future receipts as collateral, such as anticipated contributions, interest income and, in the case of Presidential candidates, public financing payments. The loan may not exceed a reasonable estimate of anticipated receipts based on documentation provided by the borrower candidate or committee to the lender (e.g., cash flow charts, financial plans).

The borrower must also provide the lender with a written agreement in which the borrower pledges future funds as collateral and promises to deposit pledged funds in a separate account for the repayments. If public financing payments are pledged, the candidate or committee must authorize the U.S. Secretary of the Treasury to deposit the payments directly into the account. The account may be established at the lending institution or at another institution that meets the campaign depository requirements of 11 CFR 103.2.

In the latter case, the lender must have access to the account, and the other institution must be notified of this assignment. The lender and borrower are free to structure the account in any manner consistent with the repayment terms.

For example, under a loan agreement, the borrower may agree to repay \$50,000 of a \$100,000 loan using future receipts at a rate of \$10,000 a month for five months. The borrower must demonstrate that \$10,000 will be available in the account at the time each payment falls due. Any additional funds deposited in the account for any reason (e.g., public funding payments) may be withdrawn and used for other purposes. Moreover, if any part of the loan is repaid from another source, that amount may be withdrawn from the repayment account.

**Assurance Criteria Not Met.** When a loan is not obtained under the authorized methods discussed above, the Commission will consider the totality of the circumstances in determining whether the loan was made on a basis which assures repayment. 11 CFR 100.7(b)(11)(iii) and 100.8(b)(12)(iii).

**Reporting Requirements.** New paragraphs (d)(1) through (d)(3) have been added to the current reporting rules at 11 CFR 104.3(d). The new provisions require additional information on bank loans to show whether or not a loan or line of credit was made on a basis which assures repayment. The committee discloses this information on new Schedule C-1 or C-P-1, which supplement Schedules C and Schedule C-P. (The "P" indicates that the form is used by Presidential committees.) A Schedule C-1 or C-P-1 must be filed with the next due report for each bank loan obtained or line of credit established during the reporting period. A committee must additionally file a new schedule each time the terms of a loan or line of credit are restructured and each time a draw is made on a line of credit.

The new schedule requires a committee to provide the following:

- o A copy of the lending agreement (either the original agreement or the restructured agreement);
- o Information as to the basis on which the loan was obtained or line of credit was established, and, if it was not obtained or established under one of the authorized methods, a statement demonstrating that it was nevertheless made on a basis which assures repayment; and

(continued)

o Certification from the lender that the information reported by the committee is correct; that the terms of the loan or line of credit do not favor the committee over other borrowers; and that the bank is aware of, and has complied with, FEC regulations on bank loans.

## ADVISORY OPINIONS

### ADVISORY OPINION REQUESTS

Recent requests for advisory opinions (AORs) are listed below. The full text of each AOR is available for review and comment in the FEC's Public Records Office.

#### AOR 1992-1

Campaign's payment of salary to candidate for personal living expenses. (Date Made Public: January 7, 1992; Length: 4 pages)

#### AOR 1992-2

Retroactive reallocation of staff salaries as fundraising expenses. (Date Made Public: January 13, 1992; Length: 8 pages)

#### AOR 1992-3

Corporation's payment of fringe benefits to employee on unpaid leave to conduct campaign. (Date Made Public: January 13, 1992; Length: 4 pages)

#### AOR 1992-4

Campaign's payment of candidate's personal living expenses and payment of salary to candidate's wife. (Date Made Public: January 16, 1992; Length: 2 pages)

### ADVISORY OPINION SUMMARIES

#### AO 1991-35: Application of Allocation Rules When SSF's Nonfederal Account Pays Its Own Administrative Expenses

The California Farm Bureau Federation (CFBF), a nonprofit corporation, sponsors a separate segregated fund (Farm PAC) that maintains both a federal and a nonfederal account. If the nonfederal account reimburses CFBF for the nonfederal portion of Farm PAC's administrative expenses, while CFBF continues to pay for the federal account's portion, the expenses will not be subject to FEC allocation rules at 11 CFR 106.6(b)(1).

Neither the Federal Election Campaign Act nor FEC regulations require a connected

organization to pay the administrative and fundraising expenses of its SSF's federal and nonfederal accounts. Therefore, CFBF's proposal to pay only those expenses attributable to Farm PAC's federal account is permissible. Moreover, while FEC regulations require allocation by SSFs that pay their own administrative and fundraising expenses, the allocation rules apply only if the federal and nonfederal accounts share the payment of these expenses. Because CFBF will continue to pay the federal account's expenses, no allocation is required (assuming the expenses are within the excepted categories that may be paid by a connected organization under 11 CFR 114.1(b)).

The Commission expressed no opinion as to the possible application of California state law to the proposed payments by the nonfederal account since those issues, if any, are outside the FEC's jurisdiction. (Date Issued: December 13, 1991; Length: 3 Pages)

## REPORTS

### PACS AND PARTY COMMITTEES: PRE-ELECTION REPORTING FOR PRESIDENTIAL PRIMARIES

PACs and party committees filing on a quarterly basis in 1992 have to file pre-primary reports if they make a contribution or expenditure in connection with a primary election during the applicable reporting period. 11 CFR 104.5(c)(1)(ii). A reporting period begins the day after the close of books for the last report filed and continues through the close of books for the pre-election report.

This pre-primary reporting requirement applies to Presidential as well as Congressional primaries. The reporting dates for House and Senate primaries were published in the January issue. The table on the next page lists reporting dates for the February and March Presidential primaries. Reporting dates for the remaining Presidential primaries will be published in a future issue.

Please note that a Presidential caucus or convention held by a major party at the state or local level is not considered an "election" for reporting purposes. 11 CFR 100.2(e). Therefore, pre-primary reports are not required. AO 1979-71.

**FEBRUARY AND MARCH PRESIDENTIAL PRIMARIES:  
PRE-PRIMARY REPORTING DATES FOR PACS AND PARTY COMMITTEES FILING QUARTERLY**

Election Day	State or Territory	Close of Books <sup>1/</sup>	Reg./Cert. Mailing Date <sup>2/</sup>	Filing Date <sup>2/</sup>
February 18	New Hampshire	January 29	February 3	February 6
February 25	South Dakota	February 5	February 10	February 13
March 3	Colorado Maryland Georgia	February 12	February 17 <sup>3/</sup>	February 20
March 7	South Carolina	February 16	February 21	February 24
March 10	Florida Louisiana Massachusetts Mississippi Oklahoma Rhode Island Tennessee Texas	February 19	February 24	February 27
March 15	Puerto Rico	February 24	February 29	March 3
March 17	Illinois Michigan	February 26	March 2	March 5
March 24	Connecticut	March 4	March 9	March 12

<sup>1</sup>This date indicates the end of the reporting period. A reporting period always begins the day after the closing date of the last report filed.

<sup>2</sup>Reports sent by registered or certified mail must be postmarked by the mailing date. Otherwise, they must be received by the filing date.

<sup>3</sup>Note that the last day for a registered/certified postmark is a federal holiday, when post offices are closed. The report should therefore be postmarked before that date.

## FEDERAL REGISTER

Copies of Federal Register notices are available from the Public Records Office.

### 1991-22

11 CFR Part 114: Campaign Travel on Corporate Aircraft; Notice of Disposition of Rulemaking Petition (Common Cause) (56 FR 64566, December 11, 1991)

### 1991-23

Rulemaking Petition: Congressman William Thomas; Notice of Availability (56 FR 66866, December 26, 1991)

### 1991-24

11 CFR Parts 100 and 104: Loans from Lending Institutions to Candidates and Political Committees; Final Rule; Transmittal to Congress (56 FR 67118, December 27, 1991)

## 800 LINE

### REGISTRATION BY CANDIDATES AND THEIR COMMITTEES

This article explains when candidates and their principal campaign committees (and other authorized committees) are required to register with the FEC. The requirements apply both to new candidates and to candidates who have run in a previous election and are seeking election in 1992 or a future election.

**NOTE:** Registration with the FEC does not mean that the individual has qualified for the ballot. Ballot access requirements are governed by state law; for information, consult the state authority (generally, the secretary of state's office).

### Candidate Designation of Principal Campaign Committee

Individuals running for federal office must designate a principal campaign committee within 15 days of becoming a "candidate." 11 CFR 101.1(a) and 102.12(a). This requirement applies to candidates who have never run before and to candidates in previous elections who have qualified as candidates for a future election.

**Definition of Candidate.** An individual becomes a candidate when the individual and

persons authorized to conduct campaign activity on his or her behalf receive over \$5,000 in contributions or make over \$5,000 in expenditures. 11 CFR 100.3(a)(1) and (2).

Unauthorized campaign activity on behalf of a candidate may also trigger candidate status unless the individual disavows the activity by writing a letter to the FEC within 30 after being notified by the agency that the unauthorized activity has exceeded \$5,000. 11 CFR 100.3(a)(3) and 102.13(a)(2).

Note that funds raised and spent to "test the waters" for a possible candidacy do not count against the \$5,000 registration threshold until the individual decides to run for office or conducts activities that indicate he or she is actively campaigning rather than testing the waters. 11 CFR 100.7(b)(1) and 101.3. (Examples of activity indicating that an individual has decided to become a candidate are described at 11 CFR 100.7(b)(ii).)

**Designation of Committee.** Candidates designate a principal campaign committee by filing a Statement of Candidacy on FEC Form 2 (or a letter containing the same information). Remember, the form must be filed within 15 days after becoming a "candidate." 11 CFR 101.1(a).

### Registration by Principal Campaign Committee

Within 10 days after it has been designated by the candidate, the principal campaign committee or other authorized committee must register by filing a Statement of Organization on FEC Form 1. 11 CFR 102.1(a). Please note that the name of the committee must include the candidate's name. 11 CFR 102.14(a).

### Candidates Who Ran in Previous Elections

A candidate who ran in 1990 or another previous election must file a new FEC Form 2 within 15 days after qualifying as a candidate in the 1992 election or other future election. The candidate may either designate a new principal campaign committee or redesignate his or her previous principal campaign committee (if it has not terminated). A newly designated committee will receive a new FEC identification number, while a redesignated committee retains its original number.

If the candidate redesignates an existing committee, the committee need only amend its Statement of Organization within 10 days to reflect any new information (e.g., a change in the committee's name or

address). The amendment may be filed either by using FEC Form 1 or by writing a letter noting the changes. 11 CFR 102.2(a)(2). Redesignated committees are reminded that, if outstanding debts remain from a previous election, the committee must continue to report the debts as well as contributions that have been designated by contributors to retire them. 11 CFR 104.11; see also 11 CFR 110.1(b)(3) and (4) and 110.2(b)(3) and (4).

#### Where to File Forms 1 and 2

U.S. House candidates and their principal campaign committees file their statements and amendments with the Clerk of the House; U.S. Senate candidates and their principal campaign committees file with the Secretary of the Senate; Presidential candidates and their principal campaign committees file with the FEC. 11 CFR Part 105.

Copies of statements and amendments must also be filed with state officers. House and Senate campaigns file in the state in which the candidate seeks election. 2 U.S.C. §439(a)(2)(B). Presidential campaigns file in the states in which expenditures are made. 11 CFR 108.2.

#### Other Authorized Committees

In addition to a principal campaign committee, other authorized committees may be designated by a candidate to receive contributions and make expenditures on his or her behalf. The following steps must be taken:

- o The candidate designates the authorized committee by filing an FEC Form 2 (or letter) with the principal campaign committee. 11 CFR 101.1(b) and 102.13(a)(1).
- o Within 10 days of being designated by the candidate, the authorized committee must register by filing an FEC Form 1 with the candidate's principal campaign committee. 11 CFR 102.1(b). (The name of the committee must include the candidate's name. 11 CFR 102.14(a).)
- o The principal campaign committee, in turn, files both documents (Forms 1 and 2) with the appropriate federal and state offices, as explained above.

#### Where to Obtain Forms

FEC Forms 1 and 2 may be obtained by calling the FEC (800/424-9530 or 202/219-3420). Staff are also available to answer questions.

## COMPLIANCE

#### MURS RELEASED TO THE PUBLIC

Listed below are MURS (FEC enforcement cases) recently released for public review. The list is based on the FEC press releases of November 6, 12, 13 and 20, 1991. Files on closed MURS are available for review in the Public Records Office.

Unless otherwise noted, civil penalties resulted from conciliation agreements reached between the respondents and the Commission.

#### MUR 2644

**Respondents:** (a) Texans for Sweeney, Myles Sweeney, treasurer; (b) W. Temple Webber, Jr. (TX); (c) Cyrus Ansary (MD); (d) R. John Stanton, Jr. (TX); (e) Kathy Perry (TX); (f) Gerald R. Ford-New Leadership Committee, Sharyn Sheldon, treasurer (DC); (g) Texas Commerce Bancshares, Inc. (TX)  
**Complainant:** John Griffin, Jr. (TX)

**Subject:** Excessive and corporate contributions; failure to disclose contributions accurately

**Disposition:** (a)-(e) No probable cause to believe; (f) and (g) no reason to believe

#### MUR 3053

**Respondents** (both in VA): (a) National Conservative Foundation, Maiselle Dolan Shortley, chairman; (b) National Conservative Political Action Committee, Robert L. Shortley, treasurer  
**Complainant:** FEC initiated  
**Subject:** Corporate contribution

**Disposition:** (a) and (b) Reason to believe but took no further action

#### MUR 3138

**Respondents:** First Amendment Crisis Team  
**Complainant:** George T. Tyler (MD)  
**Subject:** Failure to register and report; disclaimer

**Disposition:** Reason to believe but took no further action

#### MUR 3158

**Respondents** (all in MO): (a) Jack Buechner; (b) Jack Buechner for Congress, Robert A. Hutton, Jr., treasurer; (c) Thomas White; (d) Boatmen's National Bank; (e) White Diversified, Inc.; et al. (f)-(o)  
**Complainant:** Joan Kelly Horn (MO)

**Subject:** Loans; contributions in the names of others; excessive and corporate contributions; inaccurate disclosure  
**Disposition:** (a) No reason to believe; (b)(1) no reason to believe (corporate contributions and contributions in the names of others); (b)(2) reason to believe but took no further action (disclosure and contributions); (c)-(e) took no action; (f)-(o) no reason to believe

(continued)

**MUR 3199**

**Respondents** (both in NC):  
 (a) Odom for U.S. Senate, M. Robert Farris, treasurer;  
 (b) Thomas L. Odom (AKA "Fountain" Odom)  
**Complainant:** Jim McDuffie (NC)  
**Subject:** Failure to file reports on time; debt settlements  
**Disposition:** (a) Reason to believe but took no further action; (b) no reason to believe

**MUR 3206**

**Respondents:** (a) Dornan in '88 Committee, Robert K. Dornan, treasurer (CA); (b) Mrs. Edward S. Barton (NY); (c) Dan L. Wirth (CA)  
**Complainant:** FEC initiated  
**Subject:** Excessive contributions  
**Disposition:** (a) \$2,100 civil penalty; (b) reason to believe but took no further action; (c) \$400 civil penalty

**MUR 3254**

**Respondents:** California Young Republican PAC, E. Daniel Dellicompagni, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file reports on time  
**Disposition:** Reason to believe but took no further action

**MUR 3260**

**Respondents:** (a) Maryland Medical Political Action Committee, Joseph J. Harrison, treasurer; (b) Medical and Chirurgical Faculty of Maryland  
**Complainant:** FEC initiated  
**Subject:** Corporate contribution  
**Disposition:** (a) and (b) No probable cause to believe

**MUR 3269**

**Respondents:** Senate Committee for Twilegar, Stanley E. Johnson, treasurer (ID)  
**Complainant:** FEC initiated  
**Subject:** Failure to file 48-hour notices  
**Disposition:** \$1,000 civil penalty

**MUR 3283**

**Respondents:** Consolidated Rail Corporation Good Government Fund (Conrail Good Government Fund), David M. LeVan, treasurer (PA)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time

**Disposition:** \$250 civil penalty

**MUR 3285**

**Respondents:** Duchossois Industries Inc. Political Action Committee, L.S. Minkel, treasurer (IL)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report  
**Disposition:** \$175 civil penalty

**MUR 3293**

**Respondents:** IUE Committee on Political Education, International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers, AFL-CIO, Edward Fire, treasurer (DC)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$850 civil penalty

**MUR 3317**

**Respondents:** Utah Republican Party (Federal Account), Dan E. James, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file reports on time  
**Disposition:** \$1,500 civil penalty

**MUR 3344**

**Respondents:** Kansas Democratic State Committee, Randall K. "Randy" Rathbun, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$900 civil penalty

**MUR 3352**

**Respondents:** Schafer for Congress, Peter J. Welk, treasurer (ND)  
**Complainant:** FEC initiated  
**Subject:** Failure to file 48-hour notices  
**Disposition:** \$1,000 civil penalty

**MUR 3354**

**Respondents:** (a) Cult Awareness Network (IL); (b) John Overington (WV)  
**Complainant:** Bruce M. Director (VA)  
**Subject:** Expenditures for communications  
**Disposition:** (a) and (b) No reason to believe

**MUR 3356**

**Respondents** (all in CA):  
 (a) Salomon for Congress Committee, Cary Davidson, treasurer; (b) Alexander Cappello; (c) Len Fisch; (d) Jack Salzberg  
**Complainant:** Julius Glazer (CA)  
**Subject:** Excessive contributions  
**Disposition:** (a)-(d) Reason to believe but took no further action

**MUR 3359**

**Respondents:** Wellstone for Senate, Richard S. Kahn, treasurer (MN)  
**Complainant:** FEC initiated  
**Subject:** Failure to file 48-hour notices  
**Disposition:** \$6,000 civil penalty

**MUR 3377**

**Respondents:** Patsy T. Mink Campaign Committee, Helen Wiegert, treasurer (HI)  
**Complainant:** FEC initiated  
**Subject:** Failure to file 48-hour notices  
**Disposition:** \$3,800 civil penalty

**MUR 3381**

**Respondents:** (a) Citizens Coalition for Responsible Government (FL); (b) Palm Beach Civic Association, Inc.  
**Complainant:** FEC initiated  
**Subject:** Corporate contributions  
**Disposition:** (a) \$1,500 civil penalty; (b) no reason to believe

**MUR 3386**

**Respondents:** American Association for Marriage and Family Therapy, Breffni Barrett, treasurer (DC)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 penalty

**MUR 3389**

**Respondents:** American Systems Corporation Political Action Committee, Jack Baker, treasurer (VA)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3393**

**Respondents:** DSC Communications Corporation Political Action Committee, John Roberts, treasurer (TX)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3394**

**Respondents:** First Chicago Corp. Government Affairs c/o The First National Bank of Chicago, Frank J. Bouska, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3395**

**Respondents:** First Interstate Bank of California Political Action Committee, Betsy Graves, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3397**

**Respondents:** Louisiana Coalition Against Racism and Nazism Political Action Committee, Inc., Jane Buchsbaum, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file report

**Disposition:** Reason to believe but took no further action

**MUR 3400**

**Respondents:** National Council of Senior Citizens Political Action Committee, Lawrence T. Smedley, treasurer (DC)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$1,250 civil penalty

**MUR 3401**

**Respondents:** ZACOPAC, Joe L. Lozano, treasurer (TX)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3402**

**Respondents:** Harris Corporation-Federal Political Action Committee, George E. Lane, treasurer (FL)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$900 civil penalty

**MUR 3403**

**Respondents:** Healthtrust Inc.-The Hospital Company Political Action Committee, Michael A. Koban, Jr., treasurer (TN)  
**Complainant:** FEC initiated

**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3410**

**Respondents:** Political Participation Fund of Continental Illinois Corporation, Todd S. Nelson, treasurer  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$1,100 civil penalty

**MUR 3411**

**Respondents:** Public Securities Association Political Action Committee, Micah S. Green, treasurer (DC)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

**MUR 3414**

**Respondents:** UNC Incorporated Public Responsibility Fund, Gregory M. Bubb, treasurer (MD)  
**Complainant:** FEC initiated  
**Subject:** Failure to file report on time  
**Disposition:** \$500 civil penalty

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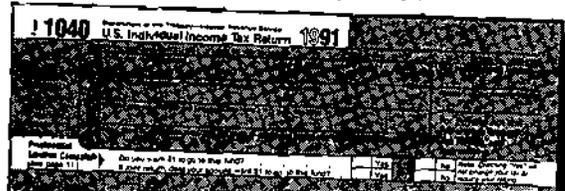
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