

Record

February 2003

Federal Election Commission

Volume 29, Number 2

Table of Contents

- Regulations**
- 1 Clarifying Application of Biennial Limit
 - 2 Interim Final Rules on the Millionaires' Amendment
 - 4 Brokerage Loans and Lines of Credit, Effective Date
 - 4 Notice of Proposed Rulemaking on Leadership PACs
 - 6 Contribution Limits and Prohibitions; Correction
 - 6 BCRA Technical Amendments
 - 6 Federal Register

Compliance

- 1 MUR 5208: Facilitation of Contributions by National Bank

Court Cases

- 8 FEC v. Freedom's Heritage Forum
- 8 Lenora B. Fulani v. FEC

8 Advisory Opinions

Audits

- 10 Presidential Audits for 2000

Alternative Dispute Resolution

- 11 ADR Update

Statistics

- 12 Congressional Activity Declines from 2000 Levels

Administrative Fines

- 13 Committees Fined for Late and Nonfiled Reports

Outreach

- 14 Spring Conferences
- 14 Public Appearances
- 14 Roundtables

Compliance

MUR 5208 Facilitation of Contributions by National Bank

The Commission recently entered into conciliation agreements with Amboy National Bank (Amboy), its President and Board of Directors Chairman, George Scharpf, and Jersey Bankers Political Action Committee (JebPAC), resulting in \$86,000 in civil penalties. The conciliation agreements settle violations of the Federal Election Campaign Act (the Act) resulting from Amboy's and Mr. Scharpf's facilitation of the making of contributions and from Amboy's and JebPAC's failure to include the required notices on solicitations.

Facilitation

The Act prohibits a national bank, such as Amboy, from making contributions "in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office." It is also unlawful for any officer or director of a national bank to consent to any contribution by the bank. 2 U.S.C. §441b(a). While it may communi-

Regulations

Clarifying Application of Biennial Limit

The Commission wishes to clarify the application of the new \$95,000 biennial limit for individuals as it pertains to contributions to federal candidates.

The Bipartisan Campaign Reform Act of 2002 (BCRA) removed language at 2 U.S.C. §441a(a)(3) that described how a contribution to a candidate's committee affected an individual's overall limit on contributions. The pre-BCRA statutory language required that contributions to a candidate be applied toward the individual donor's overall limit for the year of the candidate's election, regardless of when the contribution was made. Despite the BCRA-enacted change, this language remains in the corresponding Commission regulation at 11 CFR 110.5(c).

While the Commission may revisit this issue as part of a future rulemaking, individual donors must abide by the current regulations. Individuals who make contributions now to federal candidates running in a future election cycle (e.g., 2005-06) must count those contributions against the biennial limit for that

(continued on page 7)

(continued on page 2)

Regulations

(continued from page 1)

future cycle. For additional information on the biennial limit, see the *December 2002 Record*, page 8.♦

—Elizabeth Kurland

Interim Final Rules on the Millionaires' Amendment

On December, 19, 2002, the Commission approved interim final rules to implement provisions of the Bipartisan Campaign Reform Act of 2002 (BCRA). The new rules implement the so-called "Millionaires' Amendment," which increases individual contribution limits and coordinated party expenditure limits for certain candidates running against self-financed opponents. The rules address:

- Monetary thresholds that trigger the increased individual contribution and coordinated party expenditure limits;

- Computation formulas used to determine the application of the increased limits;
- The specific amounts of the increases in individual contribution limits;
- New reporting and notification requirements; and
- Repayment restrictions for personal loans from the candidate.

Threshold Amounts

The provisions of the Millionaires' Amendment increase the individual contribution and coordinated party expenditure limits for House and Senate candidates whose opponents' personal spending exceeds their own by more than certain threshold amounts. The difference between the candidates' expenditures of personal funds can be reduced by a disparity in other campaign fundraising. The threshold amounts for House and Senate candidates differ. For House candidates the threshold amount is \$350,000; for Senate candidates it is two times the sum of \$150,000 plus an amount equal to the voting age population of the state in question multiplied by \$0.04.¹

Opposition Personal Funds Amount

As noted above, opposition personal spending that exceeds the threshold amounts does not by itself trigger increased contribution limits. The regulations also take into account expenditures from the personal funds of the candidate seeking increased limits under the Millionaires' Amendment as well as fundraising by the campaigns.

Campaigns must use the appropriate "opposition personal funds amount" formula to determine whether an opposing candidate has spent sufficient personal funds in

comparison to the amounts raised by the campaigns to trigger increased contribution and coordinated party expenditure limits. The opposition personal funds formula takes half the difference between the gross receipts of the candidate and the gross receipts of the opponent and subtracts that from the amount by which the opponent is outspending the candidate using their personal funds.² Hence, a candidate with a significant fundraising advantage over a self-financed opponent might not receive an increased contribution limit. In this way, the new rules avoid giving increased contribution limits to candidates whose campaigns have a significant fundraising advantage over their opponents.

Increased Contribution Limits

When a House candidate's opposition personal funds amount exceeds the \$350,000 threshold:

- The contribution limits for the candidate triple; and
- The national and state party committees may make coordinated

² Depending on the date of computation, the formula is either $a - b$; $a - b - ((c - d)/2)$; or $a - b - ((e - f)/2)$, where:

- a = opponent's personal funds spending;
- b = candidate's personal funds spending;
- c = candidate's receipts (contributions not from candidate);
- d = opponent's receipts (contributions not from opponent);
- e = candidate's receipts (contributions not from candidate);
- f = opponent's receipts (contributions not from opponent).

The values for c and d are determined on June 30 of the year before the election (report due on July 15), and the values for e and f are determined on December 31 of the year before the election (year-end report due on January 31). Prior to July 16 of the year before the election, values for c , d , e , and f are not included in the equations, and the "opposition personal funds amount" formula is $a - b$.

**Federal Election Commission
999 E Street, NW
Washington, DC 20463**

800/424-9530
202/694-1100
202/501-3413 (FEC Faxline)
202/219-3336 (TDD for the hearing impaired)

Ellen L. Weintraub, Chair
Bradley A. Smith, Vice Chairman
David M. Mason, Commissioner
Danny L. McDonald,
Commissioner
Scott E. Thomas, Commissioner
Michael E. Toner, Commissioner

James A. Pehrkon, Staff Director
Lawrence H. Norton, General Counsel

Published by the Information Division
Greg J. Scott, Assistant Staff Director
Amy Kort, Editor
<http://www.fec.gov>

¹ Differently formulated: $\$150,000 + (.04 \times (\text{voting age population})) = \text{Senate threshold}$.

expenditures on behalf of the candidate that are not subject to the usual 2 U.S.C. §441a(d) limits.

For Senate candidates, the extent to which a candidate's opposition personal funds amount exceeds the threshold determines the amount of the increase in contribution limits. If it exceeds:

- Twice the threshold,³ then the contribution limits for the candidate are tripled;
- Four times the threshold,⁴ then the contribution limits for the candidate are raised six-fold;
- Ten times the threshold,⁵ then the contribution limits for the candidate are raised six-fold, and the national and state party committees may make unlimited coordinated expenditures on the candidate's behalf.

Avoiding Excessive Contributions Under the Increased Limits

Campaigns that accept contributions under the increased limits must continually monitor the opposition personal funds amount to ensure their continued eligibility for the increased limits and to make sure that they have not accepted excessive contributions. Similarly, national and state party committees must monitor the opposition personal funds amount for campaigns in which they are making coordinated party expenditures in excess of the regular coordinated party expenditure limits (at 11 CFR 109.32(b)).

Senate candidates (and their authorized committees) must not accept and national and state party committees making coordinated party expenditures on behalf of Senate candidates must not make any contribution or coordinated

party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 110 percent of the opposition personal funds amount.

Similarly, House candidates (and their authorized committees) must not accept and national and state party committees making coordinated party expenditures on behalf of House candidates must not make any contribution or coordinated party expenditure that causes the aggregate contributions accepted and coordinated party expenditures made under the increased limits to be greater than 100 percent of the opposition personal funds amount.

Reporting and Notification

In order to facilitate this continual monitoring of fundraising and personal spending by candidates and party committees, new reporting and notification requirements have been added to the regulations.

At the outset, candidates must declare on their Statement of Candidacy (FEC Form 2) the amount by which their personal spending on the campaign will exceed the applicable threshold amount. 11 CFR 101.1(a). Also, to facilitate opposition personal funds calculations, by July 15 of the year before the election and January 31 of the year in which the election takes place, each principal campaign committee must file a report disclosing the aggregate gross receipts for the primary and general elections, and the candidate's aggregate contributions from personal funds for the primary and general elections (FEC Form 3Z-1). 11 CFR 104.19.

Additionally, a Senate candidate's principal campaign committee must notify the Secretary of the Senate, the Commission and each opposing candidate within 24 hours when the candidate makes an expenditure from personal funds that aggregates in excess of the

threshold (FEC Form 10). 11 CFR 400.21(a). A House candidate's principal campaign committee must notify the Commission, each opposing candidate and the national party committee of each opposing candidate within 24 hours when the candidate makes an expenditure from personal funds that aggregates in excess of the threshold (FEC Form 10). 11 CFR 400.21(b).

From that time on, the committee must also notify all of the above-listed entities within 24 hours whenever the candidate makes an additional expenditure from personal funds in excess of \$10,000. 11 CFR 400.22. Both the initial and additional notifications must be made by faxing or e-mailing a copy of FEC Form 10 to all of the entities mentioned above.⁶ 11 CFR 400.24.

Within 24 hours after they become eligible, candidates who qualify for increased coordinated party expenditure limits (or their principal campaign committees) must file FEC Form 11 to inform their national and state party committees and the Commission of the opposition personal funds amount.

National or state political party committees that make coordinated expenditures on behalf of a candidate whose limits have been raised must notify the Commission and the candidate on whose behalf the expenditure is made within 24 hours, using Schedule F. 11 CFR 400.30(c)(2).

Senate candidates operating under the increased limits (or their principal campaign committees) must file FEC Form 12 within 24 hours after the aggregate amount of

(continued on page 4)

³ \$300,000 + (\$0.08 x VAP).

⁴ \$600,000 + (\$0.16 x VAP).

⁵ \$1,500,000 + (\$0.40 x VAP).

⁶ Note that, for Senate candidates, the original Form 10 will be filed with the Secretary of the Senate in the manner that all forms are normally filed. Similarly, for House candidates, the original Form 10 will be filed electronically with the Commission.

Regulations

(continued from page 3)

contributions accepted and coordinated party expenditures made under the increased limits reaches 110 percent of the opposition personal funds amount.

House candidates operating under the increased limits (or their principal campaign committees) must file FEC Form 12 within 24 hours after the aggregate amount of contributions accepted and coordinated party expenditures made under the increased limits reaches 100 percent of the opposition personal funds amount.

Repayment of Personal Loans from Candidate

Apart from the calculations and disclosure requirements surrounding the increased contribution limits, the new rules also restrict the repayment of loans made by the candidate to his or her committee. The new rules apply to all candidates, without regard to any of the Millionaires' Amendment provisions. For personal loans⁷ from the candidate to his or her authorized committee that aggregate more than \$250,000, the following rules apply:

- The committee may use contributions to repay the candidate for the entire amount of the loan or loans only if those contributions were made on or before the day of the election; and
- The committee may use contributions to repay the candidate only up to \$250,000 from contributions made after the date of the election. 11 CFR 116.11(b).

Furthermore, if the committee uses the amount of cash-on-hand as of the date of the election to repay the candidate for loans in excess of \$250,000, it must do so within 20

⁷Personal loans include advances or loans to the committee endorsed by the candidate.

days of the election. 11 CFR 116.11(c). During that time, the committee must treat the portion of candidate loans that exceed \$250,000, minus the amount of cash-on-hand as of the day after the election, as a contribution by the candidate. 11 CFR 116.11(c).

Additional Information

The Commission is soliciting comments on all aspects of the interim final rules and may amend these rules, as appropriate, in response to comments received. Written comments must be received on or before March 28, 2003, and may be submitted via e-mail to millionaire@fec.gov or via fax to 202/219-3923. For complete instructions for submitting comments, please see the full *Federal Register* notice of the interim final rules. These rules, and their Explanation and Justification, are published in the January 27, 2003, *Federal Register* ([68 FR 3970](#)) and are available on the FEC web site at <http://www.fec.gov/pages/bcra/rulemakings/millionaire.htm>. The interim final rules take effect on February 26, 2003.♦

—Gary Mullen

Brokerage Loans and Lines of Credit, Effective Date

The Commission's new rules regarding brokerage loans and lines of credit became effective December 31, 2002. This effective date also applies to the Commission's revised reporting forms, FEC Form C-1, C-P and C-P-1, and their instructions. See *Federal Register* Announcement of Effective Date ([67 FR 79844](#), December 31, 2002). The new rules implement an amendment to the Federal Election Campaign Act (the Act) that excludes from the definition of contribution "a loan of money derived from an advance on a candidate's brokerage account, credit card, home equity line of credit, or other line of credit available to the candidate."

Under the new regulations, candidates may receive and repay advances from their brokerage accounts, credit cards, home equity lines of credit and other lines of credit without such advances constituting "contributions" and "expenditures" under the Act. The new regulations also address the reporting of the receipt and repayment of such advances. The final rules and their Explanation and Justification were published in the June 4, 2002, *Federal Register* ([67 FR 38353](#)).¹ See the July 2002, *Record*, page 2.♦

—Amy Kort

Notice of Proposed Rulemaking on Leadership PACs

On December 26, 2002, the Commission published in the *Federal Register* a Notice of Proposed Rulemaking (NPRM) seeking comments on proposed rules to address when and under what circumstances so-called "leadership PACs" are affiliated with the authorized committees of federal candidates or officeholders and the ramifications of any such affiliation ([67 FR 78753](#)). The proposed rules were available for public comment until January 31, 2003. If there are sufficient requests to testify, the Commission may hold a public hearing on February 26.

Background

Generally speaking, leadership PACs are formed by federal officeholders and/or federal candidates. The committee raises funds in order to:

¹ Please note that, as part of the rulemakings implementing the Bipartisan Campaign Reform Act of 2002, the Commission reorganized 11 CFR 100.7 and 100.8. The new brokerage loans and lines of credit rules were incorporated into the reorganized sections.

- Make contributions to other federal candidates to gain support when the officeholder seeks a leadership position in Congress;
- Subsidize the officeholder's travel when he or she campaigns for other federal candidates; and
- Make contributions to party committees, including state party committees in key states, or donations to candidates for state or local office.

The Federal Election Campaign Act does not specifically address or define "leadership PACs." The Commission first addressed leadership PACs in a 1978 advisory opinion where it concluded that a political action committee formed in part by a Congressman was not considered an authorized committee of that Congressman as long as he did not authorize the committee in writing. AO 1978-12. As a result, contributors to the leadership PAC were not considered to make contributions to the Congressman's campaign. In the advisory opinion, the Commission further noted that—assuming that the committee was not affiliated with the Congressman's principal campaign committee—persons could contribute up to \$5,000 per year to the leadership PAC, which is the contribution limit for a PAC. The Commission has continued to hold the policy that committees formed or used by a candidate or officeholder to further his or her campaign are affiliated; those formed or used for other purposes are not.

The Bipartisan Campaign Reform Act of 2002 (BCRA) places new limits on the amounts and types of funds that may be solicited, received, directed, transferred or spent by federal candidates and officeholders, their agents and entities directly or indirectly established, financed, maintained or controlled by, or acting on behalf of, the candidate or officeholder. These limits apply to both federal and nonfederal elections. 2 U.S.C.

§441i(e)(1) and 11 CFR 300.60 and 300.61. In the new "soft money" rules, the Commission acknowledged that the BCRA's limitations apply to leadership PACs.¹ The Commission now seeks comments about whether its current approach to leadership PACs, including the limitations imposed by the BCRA already implemented in the Commission's other regulations, adequately addresses the real or perceived potential for abuse regarding leadership PACs, and whether the BCRA requires or permits the Commission to change its policy toward leadership PACs.

Proposed Rules

The NPRM offers three alternative amendments to the current affiliation rules at 11 CFR 105(g) to address the affiliation of candidate's committees and leadership PACs. The first two options focus on the relationship between the committees involved and the candidate or officeholder with whom the committee is closely associated. If the factors establishing a certain close association are present, then a candidate's authorized committee and unauthorized committees will be considered affiliated committees. The Commission additionally asks whether the factors listed in these two alternatives should establish a rebuttable presumption of affiliation, rather than *per se* affiliation. If so, what factors could be used to rebut the presumption?

The third alternative, in contrast, focuses on the actions of the committees involved. Under this scenario, if the activities of an unauthorized committee mirror or supplement the activities of an authorized committee, then the

committees would be affiliated. Thus, if for example a leadership PAC took on certain activities to assist in the election efforts of the candidate with whom it is associated, the committees would be deemed affiliated. This alternative would largely continue the Commission's current treatment of leadership PACs.

In addition to offering these three alternatives, the NPRM seeks comments on such issues as:

- Other criteria, if any, that should be used in determining affiliation between leadership PACs and authorized committees;
- Whether affiliated authorized committees and leadership PACs should share contribution limits and, if so, whether they should share the limits for the authorized committees or those for PACs;
- What the ramifications would be for a finding of affiliation in terms of restrictions on raising and spending nonfederal funds; and
- Whether the issue of leadership PACs should be addressed in a separate section of the regulations.

The full text of the NPRM is available:

- On the FEC web site at http://www.fec.gov/pages/bcra/rulemakings/leadership_pacs.htm; and
- From the FEC Faxline, 202/501-3413.♦

—Amy Kort

¹ See the "Explanation and Justification for Final Rules on Prohibited and Excessive Contributions: Non-Federal Funds or Soft Money" ([67 FR 49063](http://www.fec.gov/ocfo/2002/67fr49063.pdf), July 29, 2002), page 49107.

(continued on page 6)

Regulations

(continued from page 5)

Contribution Limitations and Prohibitions; Delay of Effective Date and Correction

On December 27, 2002, the Commission published in the *Federal Register* a correction to the final rules governing contribution limits and prohibitions¹ ([67 FR 78959](#)), which is available on the FEC web site at http://www.fec.gov/pages/bcra/rulemakings/rulemakings_bcra.htm.

The correction makes two changes to the final rules. First, it delays until January 13, 2003,² the effective date for revised 11 CFR 110.9, which addresses violations of the contribution and expenditure limitations. The new effective date of this regulation coincides with the effective date for the final rules on Disclaimers, Fraudulent Solicitation, Civil Penalties and Personal Use of Campaign Funds ([67 FR 76962](#), December 13, 2002). The effective date for other provisions of the contribution limits and prohibitions rulemaking remains January 1.

Second, the correction revises portions of the final rules that address the procedure governing the reattribution of excessive contributions. The final rules at 11 CFR 110.1(k)(3)(ii)(A)(1) and (k)(3)(ii)(B)(2), which describe

steps a recipient political committee must take when reattributing excessive contributions from one contributor to another, inadvertently included the word “authorized” before the phrase “political committee.” The reattribution procedure is available to all political committees, not just authorized committees.♦

—Amy Kort

BCRA Technical Amendments

On December 26, 2002, the Commission published in the *Federal Register* technical amendments to title 11 of the *Code of Federal Regulations* ([67 FR 78679](#)). As part of the Bipartisan Campaign Reform Act of 2002 (BCRA) the Commission has published a series of rulemakings, including a rulemaking that reorganized the definitions of “contribution” and “expenditure” formerly located at 11 CFR 100.7 and 100.8. The technical amendments correct cites in title 11 that make cross references to these former sections and to other references that have changed under the new BCRA regulations. The technical amendments also correct typographical errors in the various rules.

The technical amendments, which took effect on December 26, are available on the FEC web site at http://www.fec.gov/pages/bcra/rulemakings/rulemakings_bcra.htm.♦

—Amy Kort

Federal Register

Federal Register notices are available from the FEC’s Public Records Office, on the FEC web site at <http://www.fec.gov/register.htm> and from the FEC faxline, 202/501-3413.

Notice 2002-8

Brokerage Loans and Lines of Credit Correction (68 FR 611, January 6, 2003)

Notice 2002-26

Final Rules on BCRA Reporting (68 FR 404, January 3, 2003)

Notice 2002-27

Final Rules on Coordinated and Independent Expenditures (68 FR 421, January 3, 2003)

Notice 2002-28

Notice of Proposed Rulemaking on Leadership PACs (67 FR 78753, December 26, 2002).

Notice 2002-29

BCRA Technical Amendments (67 FR 78679, December 26, 2002)

Notice 2002-30

Contribution Limitations and Prohibitions: Delay of Effective Date and Correction (67 FR 78959, December 27, 2002)

Notice 2002-31

Brokerage Loans and Lines of Credit: Announcement of Effective Date (67 FR 79844, December 31, 2002)

Notice 2003-1

Contribution Limitations and Prohibitions: Correction (68 FR 1793, January 14, 2003)

Notice 2003-2

BCRA Technical Corrections (68 FR 2871, January 22, 2003)

¹ The final rules were published in the November 19, 2002, *Federal Register* ([67 FR 69928](#)), and are summarized in the *December 2002 Record*, page 8. All rulemakings related to the Bipartisan Campaign Reform Act of 2002 (BCRA) are available on the FEC web site at http://www.fec.gov/pages/bcra/rulemakings/rulemakings_bcra.htm.

² The Commission published a correction to this document to change the effective date from January 13, 2002, to January 13, 2003 ([68 FR 1793](#), January 14, 2003).

¹These amendments changed regulations that were promulgated but had not become effective as of December 26, 2002. On January 22, 2003, the Commission re-promulgated the technical amendments that did not take effect with the original BCRA technical amendments ([68 FR 2871](#)).

Compliance

(continued from page 1)

cate with its executive personnel on any subject, Amboy, which does not have a corporate PAC, may not use its resources or facilities to engage in fundraising activities—including the collecting and forwarding of contributions. 2 U.S.C.

§441b(b)(2)(A) and 11 CFR 114.2(f) and 114.3(a)(1); see also AO 1987-29.

In the early 1990s, Amboy's Board of Directors approved an expense account program whereby senior officers made political contributions from these accounts.

Peggy Ann Dembowski, a Vice President at Amboy, performed activities during regular business hours in connection with opening the expense accounts, ordering checks for drawing on these accounts, drafting, signing and transmitting contribution checks and updating spreadsheets to track contributions made from each account. When political solicitations were received by Amboy or by individual officers, they were generally forwarded to Ms.

Dembowski. Mr. Scharpf and Ms. Dembowski coordinated the political contributions and attendance at fundraising events in an informal manner. Political contributions were coordinated to avoid duplicating contributions and to make the greatest business impact for Amboy. Attendance at events was also coordinated to ensure Amboy was represented through its senior officers.

Eleven senior officers used their expense accounts between February 1996 and January 2002 to make at least 149 contributions totaling \$55,322. The contributions were primarily made to nonfederal candidates and party organizations, but also included eleven contributions to federal candidates and party committees, totaling \$8,000. The majority of contributions were made

by Mr. Scharpf and Ms. Dembowski. By using its staff and other resources to set up and administer the expense account program, including collecting and forwarding contributions paid from these accounts, Amboy facilitated the making of these contributions. In addition, Mr. Scharpf directed his executive assistant to collect and forward during work hours contributions to JebPAC that were made from staff members' personal bank accounts. Again, by using staff and resources to collect and forward JebPAC contributions, Amboy facilitated the making of those contributions.

Right to Refuse to Contribute

The Act requires that a solicitation for a contribution to a trade association's PAC include a notice informing the solicitee of the political purpose of the fund and of his or her right to refuse to contribute without reprisal. The solicitation may suggest a guideline for contributions, but it must also state that the solicitee is free to contribute more or less than that amount and that he or she will not be favored or disadvantaged because of either the amount contributed or his or her decision not to contribute. 11 CFR 114.5(a)(2)-(5). See also AOs 1998-19 and 1985-12.

JebPAC is the separate segregated fund of the New Jersey Bankers Association. As a member of this trade association, Amboy has authorized JebPAC annually to solicit its executive and administrative personnel. JebPAC sent copies of contribution materials to Amboy, which were then forwarded to Amboy's officers and branch managers, along with a solicitation memorandum signed by Mr. Scharpf. JebPAC's contribution forms, which have remained the same since 1996, included suggested contribution amounts corresponding with various "Membership Categories." The contribution forms

did not inform the individual that he or she could contribute less than the suggested amount, nor that JebPAC would not favor or disadvantage anyone based on his or her decision not to contribute.

In his memorandum accompanying these contribution forms, Mr. Scharpf also listed a minimum contribution amount that "would be appreciated." The memorandum did not inform the individual that he or she could contribute more or less than the suggested amount—which was usually either \$25 or \$50—or that Amboy would not favor or disadvantage anyone based on his or her decision not to contribute.

Conciliation Agreements

In their conciliation agreement, Amboy and Mr. Scharpf contended that, while they were aware of the prohibition on political contributions by national banks at the time of the activity in question, they did not understand that the expense account program or the collecting and forwarding of individual officer contributions constituted a violation of the Act. However, Amboy admitted to facilitating the making of contributions and to failing to include required notices on its solicitations to JebPAC. 2 U.S.C. §§441b(a) and 441b(b)(3) and 11 CFR 114.5(a). Amboy agreed to cease and desist from violating these provisions and to pay a \$60,000 civil penalty. George Scharpf admitted to consenting to the facilitation of these contributions, and agreed to pay a \$24,000 fine and to cease and desist from further violations of 2 U.S.C. §441b(a).

In its conciliation agreement, JebPAC admitted to failing to include the required statements in its solicitations and agreed to pay a \$2,000 civil penalty. JebPAC will cease and desist from further violations of 2 U.S.C.

§441b(b)(3).♦

—Amy Kort

Court Cases

FEC v. Freedom's Heritage Forum, et al.

On December 5, 2002, the U.S. District Court for the District of Kentucky at Louisville denied the defendants' requests to alter, amend or vacate the court's March 28, 2002, order in this case and to file counter claims. The court found that the March ruling was sound, and that there was no reason to reduce the fine of \$1,000 per violation assessed against Freedom's Heritage Forum for violations of the disclaimer rules at 2 U.S.C. §441d(a). See the [August 2002, Record](#), page 2.

U.S. District Court for the District of Kentucky at Louisville, Civil Action No. 3:98CV-549-S.

—Amy Kort

Lenora B Fulani v. FEC

On January 3, 2002, the U.S. District Court for the District of Columbia granted the Commission's motion to dismiss this case, finding that Dr. Fulani lacked standing to bring the lawsuit.

Background

Dr. Fulani was a Presidential candidate in the 1988 and 1992 elections. In the summer of 1995, she planned to campaign against President Clinton in the 1996 Democratic primaries. However, in August of that year the Commission issued a repayment determination for approximately \$612,000 against her 1992 Presidential campaign. Dr. Fulani alleged that as a result she lacked the financial resources to run in the 1996 elections. Dr. Fulani then filed a complaint with the Commission alleging, among other things, that President Clinton violated laws relating to primary spending limits. The Commission did not find reason to believe that

the violations had occurred and closed the matter, MUR 4713, in March 2000.

Court Case

In her court complaint, Dr. Fulani alleged that the Commission's dismissal of MUR 4713 was arbitrary, capricious, an abuse of discretion and contrary to law. She argued that, based on the information developed by the Commission's General Counsel's office, there was both reason to believe and probable cause to believe that President Clinton, his primary campaign committee and the Democratic National Committee violated the Presidential Primary Payment Account Act. She asked the court to compel the Commission to act on the complaint.

Standing. In order to have standing to bring such a lawsuit, a plaintiff must demonstrate:

1. An injury in fact;
2. A causal connection between the injury and challenged conduct; and
3. A likelihood that the injury will be redressed by a favorable decision of the court.

The plaintiff's injury must be "concrete and particularized," as well as "actual" or "imminent."

Lujan v. Defenders of Wildlife, 504 U.S. 555, 560 (1992).

Decision. The court found that while Dr. Fulani did suffer a concrete injury when she was stopped from running for office, the Commission's failure to pursue her administrative complaint did not cause this injury. Dr. Fulani argued that the Commission's repayment determination caused her injury, but that determination was not before the court in this case. Moreover, the Commission's alleged failure to act on Dr. Fulani's administrative complaint occurred well after her failure to run for the Presidency in 1996. Finally, the court found that Dr. Fulani could not demonstrate how her alleged injury could be

redressed by the court. The court granted the Commission's motion to dismiss the case.

U.S. District Court for the District of Columbia, 00-1018 (WBB).♦

—Amy Kort

Advisory Opinions

AO 2002-12 Disaffiliation of Corporations and their PACs

Due to significant restructuring on the part of their connected organizations, American Medical Security, Inc., PAC (AMSPAC) and Blue Cross and Blue Shield United of Wisconsin PAC (BCBSPAC) are disaffiliated for the purposes of the Federal Election Campaign Act (the Act).

Background

Originally, Blue Cross Blue Shield of Wisconsin (BCBS) was the sole owner of United Wisconsin Service (UWS). BCBS is the connected organization of BCBSPAC.

In 1996, UWS became the parent company of American Medical Security, Inc. (AMS). BCBS owned 38 percent of AMS through its sole ownership of UWS. AMS is AMSPAC's connected organization.

In the midst of this corporate restructuring, both BCBSPAC and AMSPAC filed amended Statements of Organization, where each listed the other's connected organization as its own.

In 1998, UWS changed its name to American Medical Security Group (AMSG). AMSG owned 100 percent of AMS.

In 2001, BCBS became a for-profit company and, as a result of this restructuring, was a wholly-owned subsidiary of the Cobalt Corporation. As of January, 2002,

Cobalt owned 45 percent of AMSG through BCBS. AMSG, in turn, owns 100 percent of AMS. By October of 2002, Cobalt's share had reduced to 12.3 percent.

Affiliation

Under the Act and Commission regulations, committees established by the same corporation, person or group—including any parent, subsidiary, branch, division, department or local unit of a given entity—are affiliated. 2 U.S.C. §441a(a)(5) and 11 CFR 100.5(g)(2) and 110.3(a)(1). Affiliated committees are considered to be a single committee and share contribution limits. Therefore, contributions made to or by affiliated committees are considered to have been made to or by a single committee. 2 U.S.C. §441a(a)(5) and 11 CFR 100.5(g)(2), 110.3(a)(1) and 110.3(a)(1)(ii).

In cases where the relationship of one company to another—and, by extension, one company's PAC to another's—does not constitute *per se* affiliation under the regulations, Commission regulations provide a list of factors that the Commission considers when, on a case-by-case basis, it examines the relationship to determine whether or not the companies are affiliated. 11 CFR 100.5(g)(4)(i) and (ii)(A)-(J) and 110.3(a)(3)(i) and (ii)(A)-(J). This list is not exhaustive, and other factors may be considered. The relevant factors to consider with respect to corporations that are not membership organizations include whether:

- An entity has controlling stock or securities in the sponsoring organization of another committee;
- A committee, through formal rules or through formal or informal practices, has the authority or ability to direct or participate in the governance of another sponsoring organization or committee;
- A sponsoring organization has the authority or ability to hire, appoint,

demote or otherwise control the decision-making agents of another sponsoring organization or committee;

- Committees share officers or employees in a manner which indicates a formal or ongoing relationship between the organizations or committees;
 - A sponsoring organization or committee had any members, officers or employees of another sponsoring organization which indicated a formal or ongoing relationship between them;
 - They share a pattern of contributions or contributors which indicates a formal or ongoing relationship;
 - A sponsoring organization or committee provided funds or goods, or caused or arranged for funds or goods, in a significant amount or ongoing basis to another organization or committee; and
 - One sponsoring organization or committee had an active or significant role in the formation of another.
- 11 CFR 110.3(a)(3)(ii)(A), (B), (C), (E), (F), (G), (H), (I) and (J).

Analysis

Since 1996, the relationship between Cobalt/BCBS and AMSG has changed significantly, thereby ending the affiliation of their PACs.

Over time, Cobalt/BCBS has sold the majority of its stock in AMSG, reducing its share from 45 percent to 12.3 percent. Despite partial ownership of AMSG, BCBS's ownership share is noncontrolling. The corporate structure requires a plurality vote of a quorum at the annual shareholder meeting to elect directors. Also, large supermajorities are required to replace a director or to amend the articles of incorporation.

There are no current overlaps of directors, officers or employees between Cobalt/BCBS and AMS, except for one person whom BCBS can appoint to AMSG's board of directors so long as BCBS's stock

ownership remains over ten percent. It appears that the largest common shareholders do not each hold significant percentages of each company's stock.

Solicitations and contributions are made separately by each PAC and do not indicate a common pattern. They do not make joint solicitations, nor do they transfer funds between them. Largely, communications between BCBSPAC and AMSPAC are restricted to their effort to ensure that contributions by each do not exceed their shared contribution limits.

Finally, though BCBS could be said to have had a role in the formation of AMS, the substantial corporate restructuring since that point has made that factor insignificant.

Given the separation of the two connected organizations in terms of ownership, control and personnel, and given the separation of the PACs in terms of their financial independence, different staffs and different contribution patterns, AMSPAC and BCBSPAC are no longer affiliated for the purposes of the Act.

Date Issued: December 10, 2002;
Length: 8 pages.♦

—Phillip Deen

Advisory Opinion Request

[AOR 2002-15](#)

Affiliation of trade associations and joint administration of trade association PAC (American Association of Clinical Urologists and the American Urological Association, December 23, 2002)♦

Audits

Commission Makes Final Determination on Audits of Presidential Candidates for 2000

The Commission recently made final determinations of the amount of money that the Buchanan, Bush, Gore, Keyes and Nader Presidential campaign committees must repay to the U.S. Treasury (the Treasury) for public funds they used during the 2000 elections. The Commission made its determination after conducting audits of the committees, as required under the Presidential Election Campaign Fund Act and the Presidential Primary Matching Payment Account Act. 26 U.S.C. §§9007(a), 9008(g) and 9038(a).

Buchanan Committees

Patrick Buchanan's primary committee, Buchanan Reform, Inc., (BRI) did not receive primary matching funds in excess of its entitlement and did not need to make any repayments to the U.S. Treasury (the Treasury). The Commission determined, however, that \$151,277 in expenditures were for general election expenses and that this amount is due from Mr.

Updated FECA Available

The new edition of the Federal Election Campaign Act (FECA) is now available. Current as of November 2002, this edition incorporates amendments made by the Bipartisan Campaign Reform Act of 2002 (BCRA). The Commission has mailed copies of the new edition of the FECA to registered political committees. Free copies are also available to the public. Simply call 800/424-9530 (press 1, then 3) or 202/694-1100.

Buchanan's general campaign committee.

Additionally, the Commission found that in 356 instances BRI had failed to timely refund excessive contributions, and in 4,820 instances BRI failed to itemize contributions from individuals. 2 U.S.C. §§441a(a)(1)(A) and 434(b)(3)(A); 11 CFR 110.1, 110.1(b), 110.1(k) and 103.3(a). The audit concluded that BRI's difficulties in aggregating contributions contributed to both its failure to itemize some contributions once they exceeded \$200 and its failure to refund contributions that exceeded \$1,000 from an individual. Finally, the audit found that BRI misstated some financial activity, primarily by failing to report receipts and disbursements from its Convention 2000 account. BRI filed amended reports to correct these misstatements and to itemize contributions that exceeded \$200.

Mr. Buchanan's general election campaign, Buchanan Foster, Inc., (BFI), must repay \$58,033 to the Treasury. This amount represents \$33,479 in surplus funds and \$24,554 that the committee received in interest on invested public funds. The audit also found that BFI purchased a mailing list from the primary committee, BRI, at a cost that was \$147,496 in excess of the fair market value of the list. In determining BFI's assets, the Audit staff listed this overpayment as an amount receivable due from BRI to BFI.

The audit also found that BFI failed to itemize 76 contributions from individuals, totaling \$34,230. BFI amended its reports to itemize these contributions.

Bush Committees

Bush-Cheney 2000, Inc., (BC2000), President Bush's general election committee, must repay \$224,518 to the Treasury. A portion of this repayment, \$95,509, represents contributions the committee received when it paid the first-class fare for air travel on licensed

commercial charter carriers, rather than the charter rate.¹ The remaining repayment represents the amount that BC2000 exceeded the \$67,560,000 expenditure limitation for publicly-funded Presidential candidates in the 2000 general election.

BC2000 has already repaid \$255,003 to the Treasury, representing income that the committee received from interest earned on invested public funds and from selling the use of film footage related to its media ads. An additional \$7,701, representing stale-dated checks, was repaid by BC2000, and the Bush-Cheney Compliance Committee, Inc., has also made a \$33,415 repayment representing stale-dated checks.

President Bush's primary election committee did not accept public funds and, thus, was not required to be audited.

Gore Committees

Gore 2000, Inc., former Vice President Al Gore's primary committee, must repay \$118,485 to the Treasury. Most of this amount,

¹ *Commission regulations provide that the campaign may pay the first-class rate if the airplane is owned or leased by a corporation, other than a corporation licensed to offer commercial travel services, and the travel is between cities served by regularly-scheduled commercial service. 11 CFR 114.9(e)(1). If the corporation is licensed to offer commercial air travel services and the campaign pays the first-class rate, rather than the charter rate, then the difference between the first-class and charter rates represents a contribution to the campaign. If the Commission determines that a major party Presidential candidate who has accepted public funding also accepts contributions to defray qualified campaign expenses (other than contributions to make up deficiencies in payments from the Presidential Election Campaign Fund), then the candidate must repay that amount to the Treasury. 11 CFR 9007.2(b)(5).*

\$116,000, represents primary matching funds that Gore 2000, Inc., received in excess of its entitlement. This repayment is in addition to a \$54,591 repayment the committee has already made representing surplus funds. The remaining \$2,485 represents stale-dated checks.

Mr. Gore's general election committee, Gore/Lieberman, Inc., (Gore/Lieberman), and the Gore/Lieberman General Election Legal and Accounting Compliance Fund must repay \$3,262 to the Treasury, representing stale-dated checks. Gore/Lieberman has already repaid \$11,625 representing interest earned on invested public funds.

The audit also found that Gore/Lieberman failed to properly disclose payments totaling \$599,410 that the committee received as a result of payments made to a charter program it had hired to arrange air travel for Senator Joseph Lieberman, campaign staff, members of the press and others. In response to the audit finding, Gore/Lieberman filed reports disclosing this activity.

Keyes Committee

Keyes 2000, Inc., (Keyes 2000) Ambassador Alan Keyes's primary committee, did not receive public funds in excess of its entitlement, but must repay \$104,448 to the Treasury representing nonqualified campaign expenses and costs associated with continuing to campaign. The largest portion of this repayment, \$74,439, represents nonqualified campaign expenses. In most cases, Keyes 2000 lacked adequate documentation to show the purpose of these expenses. Keyes 2000 must also repay \$30,009, representing public funds it spent continuing to campaign after the candidate's date of ineligibility. In addition, Keyes 2000 must pay the Treasury \$8,003, representing stale-dated checks. See 11 CFR 9034.3(a)(3)(ii) and 9034.4(b)(3).

The audit additionally found that Keyes 2000 made cash disburse-

ments in excess of the \$100 limit for petty cash disbursements, which totaled \$107,863 in the aggregate. 11 CFR 102.10 and 102.11. Moreover, Keyes 2000 accepted cash contributions in excess of the \$50 limit for such contributions. In the aggregate, these excessive cash contributions totaled \$15,013, which the committee must disgorge to the Treasury.

Keyes 2000 must also disgorge to the Treasury \$95,286 representing excessive contributions. The audit found that while Keyes 2000 disclosed excessive contributions in its FEC reports as early as 1997, it only began to address these contributions in April 2000. Commission regulations allow a 60-day window for remedying excessive contributions, at the end of which time the excessive contribution must be refunded. 11 CFR 110.1(k)(3)(i) and 110.1(k)(3)(ii)(A) and (B). The Audit staff initially projected an amount of \$168,200 for unresolved excessive contributions. However, the Commission has recently adopted regulations allowing committees greater latitude to reattribute contributions to joint account holders, and has applied these new provisions to current matters. See the December 2002 *Record*, page 8. Accordingly, the Audit staff reduced its projection to \$95,286.

Nader Committee

Ralph Nader's primary committee, Nader 2000 Primary Committee, Inc., (NPC) did not receive public funds in excess of its entitlement, but must repay to the Treasury \$11,398, representing stale-dated checks. The audit also found that NPC erroneously received 1,550 contributions that were instead intended for the general election campaign. Thus, the audit did not include the resulting \$96,744 in contributions when calculating the amount of matching funds NPC was entitled to receive after Mr. Nader's date of ineligibility. Addi-

tionally, the audit found that NPC materially misstated receipts and disbursements, resulting in a \$337,424 overstatement of its cash-on-hand. In response to the audit, NPC amended its reports to correct misstatements of receipts, disbursements and cash-on-hand.♦

—Amy Kort

Alternative Dispute Resolution

ADR Program Update

The Commission recently resolved three additional cases under the Alternative Dispute Resolution (ADR) program. The respondents, the alleged violations of the Federal Election Campaign Act (the Act) and the penalties assessed are listed below.

1. The Commission reached agreement with the Ensign For Senate committee, its treasurer, Linzel L. McBride, and Internet Auto Rental & Sales concerning corporate contributions. Ensign for Senate and its treasurer agreed to designate a staff member as the FEC compliance officer and to have this individual attend an FEC-sponsored seminar for candidate committees this year. Internet Auto Rental & Sales agreed to distribute a memorandum to management personnel reiterating the prohibitions on corporate contributions to federal candidates and to gain an understanding of the prohibitions and requirements of the Act before interacting with federal candidates. The Commission decided to dismiss matters arising from the same complaint that involved the Seven-Up Bottling Co. of Reno and Custom Concrete Cutting, Inc., and directed the ADR Office to close the file. (ADR 046 MUR 5131).

(continued on page 12)

Alternative Dispute Resolution

(continued from page 11)

2. The Commission dismissed the matter concerning A.J. Fusco, Jr., Esq., A.J. Fusco & Associates, Friends of Senator D'Amato and its treasurer Linda Schwanther, after concluding that alleged violations of the Act's prohibitions on the corporate facilitation of contributions were unsubstantiated. (ADR 076 MUR 5245).

3. The Commission reached agreement with Meeks for Congress 2000 and its treasurer, Joan E. Flowers, concerning the committee's failure to provide contributor information in its disclosure reports. In addition to paying a \$3,500 civil penalty and amending previously-filed reports, Meeks for Congress 2000 will take the following steps to ensure compliance with the reporting requirements of the Act:

- Use a computer program to note and record the name, address,

occupation and employer of each contributor;

- Advise contributors when this information is missing;
 - Train new committee staff in the Act's reporting requirements;
 - Enroll new staff in an FEC-sponsored seminar for campaign committees during the next 15 months; and
 - Designate a committee staff member as the individual responsible for FEC compliance.
- (ADR 070-AR 02-02).♦

—Amy Kort

Statistics

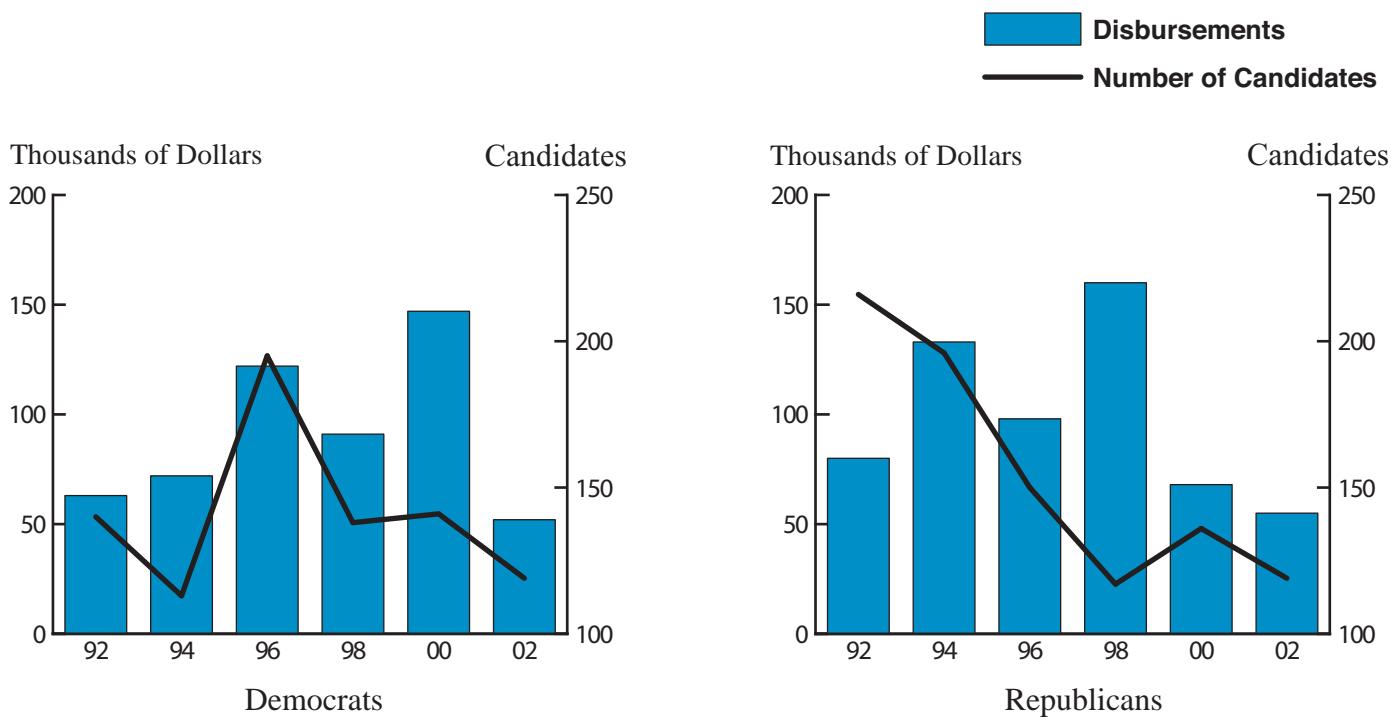
Congressional Campaign Financial Activity Declines from 2000 Levels

General election candidates for the U.S. House and Senate spent a total of \$772.3 million between January 1, 2001, and November 25,

2002, representing a decline of 10 percent from the record amounts spent in a comparable period during the 2000 election cycle. Fundraising by these candidates totaled \$821.8 million through late November, also 10 percent lower than in the previous cycle.

The decline in financial activity was limited to Senate campaigns, where receipts totaled \$282.3 million and disbursements were \$272.6 million. These figures represent declines of 23 percent in receipts and 25 percent in disbursements when compared with the 2000 campaign. Senate races are inherently difficult to compare, however, because the states holding elections vary from year to year, and because individual races or candidates can have a significant impact on the overall totals. For example, the open seat campaigns in New York and New Jersey in 2000 generated large spending totals that were not matched in the most expensive 2002 races.

Median Spending by Challengers in House Races—1992-2002



In the 2002 election cycle, House candidates raised \$539.5 million, nearly unchanged from 2000 totals, and spent \$499.7 million, up one percent from the previous cycle. In contrast, House candidates' financial activity increased by about 30 percent between 1998 and 2000.

There were substantial declines in median activity for House challengers of both parties, and fewer competitive House races overall, in spite of reapportionment and redistricting following the 2000 census. See the graph on page 12.

Additional Information

A press release dated January 2, 2003, provides detailed information about the financial activity of House and Senate candidates, including tables chronicling overall receipts and disbursements dating back to 1990. The press release is available:

- On the FEC web site at www.fec.gov/news.html;
- From the Public Records office (800/424-9530, press 3) and the Press Office (800/424-9530, press 5); and
- By fax (call the FEC Faxline at 202/501-3413).♦

—Amy Kort

Administrative Fines

Committees Fined for Nonfiled and Late Reports

The Commission recently publicized its final action on 19 new Administrative Fine cases, bringing the total number of cases released to the public to 483.

Civil money penalties for late reports are determined by the number of days the report was late, the amount of financial activity involved and any prior penalties for violations under the administrative fines regulations. Penalties for late

reports—and for reports filed so late as to be considered nonfiled—are also determined by the financial activity for the reporting period and any prior violations. Election sensitive reports, which include reports and notices filed prior to an election (i.e., 12 day pre-election, October quarterly and October monthly reports), receive higher penalties. Penalties for 48-hour notices that are filed late or not at all are determined by the amount of the contribution(s) not timely reported and any prior violations.

The committees and the treasurers are assessed civil money penalties when the Commission makes its final determination. Unpaid civil

money penalties are referred to the Department of the Treasury for collection.

The committees listed in the chart below, along with their treasurers, were assessed civil money penalties under the administrative fines regulations.

Closed Administrative Fine case files are available through the FEC Press Office, at 800/424-9530 (press 2), and the Public Records Office, at 800/424-9530 (press 3).♦

—Amy Kort

Committees Fined and Penalties Assessed

| | |
|---|----------------------|
| 1. American Academy of Ophthalmology Inc. Political Committee (OPHTHPAC) | \$1,950 |
| 2. Baker & Hostetler PAC | \$1,500 |
| 3. Campbell for Senate | \$6,500 |
| 4. D.C. Republican Committee Federal Campaign Committee | \$3,975 |
| 5. Dreier for Congress Committee | \$650 |
| 6. Florida Sugar Cane League PAC | \$4,500 ¹ |
| 7. Hudson Valley PAC December Monthly 2001 | \$900 |
| 8. Hudson Valley PAC Year End Report 2001 | \$1,800 |
| 9. Hudson Valley PAC February Monthly 2002 | \$900 |
| 10. Hudson Valley PAC March Monthly 2002 | \$900 |
| 11. Humana Inc. PAC | \$900 |
| 12. Lazio 2000 Inc, | \$8,350 |
| 13. Local 500 Political Action Fund | \$900 |
| 14. National Air Traffic Controllers Association PAC (NATCA PAC) | \$3,500 |
| 15. Natural Law Party of the United States of America | \$7,500 ² |
| 16. Operating Engineers Local 12 Voluntary Legislative Fund | \$275 |
| 17. Uniformed Firefighters Association PAC (FIRE PAC) | \$2,100 |
| 18. Voters for Choice/Friends of Family Planning | \$2,700 |
| 19. Wareing for Congress | \$21,200 |

¹ This civil money penalty has not been collected.

² A partial payment has been made.

Outreach

FEC Conferences in March and April

Conference for House and Senate Campaigns and Political Party Committees

The Federal Election Commission will hold a conference in Washington, DC, for House and Senate campaigns and political party committees. The conference will be held **March 12-13, 2003**, and will consist of a series of interactive workshops presented by Commissioners and experienced FEC staff, who will explain how the requirements of the federal election law apply to House and Senate campaigns and political parties. Discussion topics will include fundraising and reporting, and many workshops will address provisions of the Bipartisan Campaign Reform Act of 2002 that apply to federal candidates and officeholders, campaign committees and political parties. In addition, a representative from the Internal Revenue Service will be available to answer election-related tax questions.

sioners and experienced FEC staff, who will explain how the requirements of the federal election law apply to House and Senate campaigns and political parties. Discussion topics will include fundraising and reporting, and many workshops will address provisions of the Bipartisan Campaign Reform Act of 2002 that apply to federal candidates and officeholders, campaign committees and political parties. In addition, a representative from the Internal Revenue Service will be available to answer election-related tax questions.

Conference for Corporations and their PACs

The Commission will hold a conference for corporations and their PACs **April 29-30, 2003**, in Washington, DC. Commissioners and experienced FEC staff will conduct workshops to explain how the requirements of the federal election law apply to corporations and their PACs, including provisions governing fundraising, contributions, reporting and communications, and some workshops will address new requirements under the BCRA. In addition, a representative from the Internal Revenue Service will be available to answer election-related tax questions.

Registration Information

The registration fee for each conference is \$385, which covers the cost of the conference, materials and meals. Registrations for the March conference must be received by February 19, and registrations for the April conference must be received by March 28. A ten dollar late fee will be assessed for late registrations.

The conferences will be held at the Loews L'Enfant Plaza Hotel, 480 L'Enfant Plaza, SW., Washington, DC. The hotel is located near the L'Enfant Plaza Metro and Virginia Railway Express stations. A room rate of \$189 per night is

available to conference attendees. This room rate is only available for reservations made on or before the registration deadline for each conference.

Complete conference registration information is now available online. Conference registrations will be accepted on a first-come, first-served basis. Attendance is limited, and FEC conferences have sold out in the past, so please register early. For registration information:

- Call Sylvester Management Corporation at 800/246-7277;
- Visit the FEC web site at www.fec.gov/pages/infosvc.htm#Conferences; or
- Send an e-mail to toni@sylvestermanagement.com.♦

—Amy Kort

FEC Roundtables

The Commission will host three roundtable sessions in February, addressing the FEC's new regulations governing:

- Disclaimers, use of campaign funds and fraudulent solicitations;

Public Appearances

February 4, 2003

George Washington University

Washington, DC

James Kahl

February 5, 2003

American University

Washington, DC

Vice-Chairman Smith

February 11, 2003

United States Naval Academy

Washington, DC

Patricia Young

February 24, 2003

Presidential Classroom

Washington, DC

Commissioner Thomas

- Coordinated and independent expenditures; and
- The so-called “Millionaires Amendment,” which addresses contribution limits for candidates whose opponents spend large amounts of personal funds on the campaign.

Each roundtable is limited to 35 participants, and will be conducted at the FEC’s headquarters in Washington, DC. The roundtables will begin at 9:30 a.m. and last until 11:00. Please arrive no later than 9:15, in order to allow for security screening.

Registration is \$25 and will be accepted on a first-come, first-served basis. Please call the FEC before registering or sending money to be sure that openings remain in the session. Prepayment is required. The registration form is available at the FEC’s web site at <http://www.fec.gov/pages/infosvc.htm> and from Faxline, the FEC’s automated fax system (202/501-3413, request document 590). For more information, call 800/424-9530 (press 1, then 3) or 202/694-1100.♦

—Amy Kort

Index

The first number in each citation refers to the “number” (month) of the 2003 *Record* issue in which the article appeared. The second number, following the colon, indicates the page number in that issue. For example, “1:4” means that the article is in the January issue on page 4.

Advisory Opinions

2002-12: Disaffiliation of corporations and their PACs, 2:8

Compliance

Cases resolved under Alternative Dispute Resolution program,, 2:11

(continued on page 16)

Roundtable Schedule

New Rules on Disclaimers, Use of Campaign Funds and Fraudulent Solicitations

| Date | Subject | Intended Audience |
|-------------------------------------|---|---|
| February 5 9:30 - 11 a.m. | <ul style="list-style-type: none"> • Requirements for print television and radio advertisements and solicitations • Permitted and prohibited uses of campaign funds • Salary payments to candidates • Prohibitions on fraudulent misrepresentation • Prohibitions on contributions and expenditures by foreign nationals | <ul style="list-style-type: none"> • Campaign committee treasurers • Political committees • Attorneys and consultants to above |

New Rules on Coordinated and Independent Expenditures

| Date | Subject | Intended Audience |
|--------------------------------------|---|--|
| February 12 9:30 - 11 a.m. | <ul style="list-style-type: none"> • Communications coordinated with candidates, campaigns or party committees • Definitions of “coordination” and “independent expenditure” • Rules for the timing of independent expenditures and coordinated expenditures by political committees | <ul style="list-style-type: none"> • Party committee treasurers • Political committees • Attorneys and consultants to above |

New Rules on the “Millionaires Amendment”

| Date | Subject | Intended Audience |
|--------------------------------------|---|---|
| February 19 9:30 - 11 a.m. | <ul style="list-style-type: none"> • Requirements for Statements of Candidacy • Modified contribution limits for opponents of candidates spending large amounts of personal funds • Reporting and recordkeeping requirements for candidates expending personal funds and for their opponents | <ul style="list-style-type: none"> • House and Senate candidates • Treasurers for above • Attorneys and consultants to above |

Index

(continued from page 15)

Committees fined under Administrative Fine program, 1:25; 2:13
MUR 5187: Corporate reimbursements of contributions; 1:22
MUR 5208: Facilitation of contributions by national bank. 2:1

Court Cases

____ v. FEC
– Cunningham, 1:19
– Freedom's Heritage Forum, 2:8
– Hawaii Right to Life, Inc., 1:20
FEC v. ____
– Beaumont, 1:20
– Fulani, 2:8
– Toledano, 1:20

Regulations

BCRA reporting, final rules, 1:14
BCRA technical amendments, 2:6
Biennial limit, clarification, 2:1

Brokerage loans and lines of credit, effective date, 2:4

Contribution limits increase, 1:6
Contribution limitations and prohibitions; delay of effective date and correction. 2:6

Coordinated and independent expenditures, final rules, 1:10

Disclaimers, fraudulent solicitation, civil penalties and personal use of campaign funds, final rules, 1:8

Leadership PACs, Notice of Proposed Rulemaking, 2:4

Millionaires' Amendment, interim final rules, 2:2

Reports

Draft forms and e-filing formats available for public comment, 1:2
Reports due in 2003, 1:3

FEDERAL ELECTION COMMISSION
999 E Street, NW
Washington, DC 20463

Official Business
Penalty for Private Use, \$300

 Printed on recycled paper

Presorted Standard
Postage and Fees Paid
Federal Election Commission
Permit Number G-31

