

# Record

July 2001

Federal Election Commission

Volume 27, Number 7

## Table of Contents

### Reports

- 1 July Reporting Reminder
- 4 Florida Special Election
- 6 Massachusetts Special Election

### 800 Line

- 1 Candidate Committee Termination and Debt Settlement

### 4 Public Appearances

### Audits

- 5 Audit of Democratic Party of Illinois
- 6 Audit of California State Republican Party

### Court Cases

- 7 Marilyn Kieffer v. FEC
- 8 FEC v. James Toledano

### 8 Advisory Opinions

### Administrative Fines

- 8 Committees Fined for Nonfiled and Late Reports

### Compliance

- 9 Nonfiler

### Alternative Dispute Resolution

- 9 ADR Program Update

### Statistics

- 9 Increased Financial Activity

### 10 Index

## Reports

### July Reporting Reminder

Committees filing semi-annually with the Commission this year have a report due on July 31. This report covers financial activity from January 1 (or the day after the closing date of the last report) through June 30.

Presidential committees filing on a quarterly basis have a report due to the Commission on July 15. This report covers financial activity from April 1 through June 30.

Monthly filers have a report due on July 20. This report covers financial activity for the month of June.

### Special Notice to Congressional Candidate Committees

In 2001, all principal campaign committees of congressional candidates<sup>1</sup> file on a semi-annual schedule. Committees must file a mid-year report by the July 31,

*(continued on page 4)*

<sup>1</sup> An individual becomes a candidate for the purposes of the Act when his or her campaign exceeds \$5,000 in either contributions or expenditures. Once the campaign exceeds this threshold, it must register and report with the Commission. If the campaign has not crossed the \$5,000 threshold, it is not required to file reports.

## 800 Line

### Candidate Committee Termination and Debt Settlement

Once a principal campaign committee of a candidate registers with the Federal Election Commission (the Commission), that committee must continue to file regular reports until it is officially terminated by the Commission. To be officially terminated, a campaign committee must file a termination report and receive written notice from the Commission that the termination report has been accepted.

If a candidate drops out of an election but does not file a termination report that is accepted by the Commission, that candidate's principal campaign committee must continue to file reports on its original reporting schedule for that election cycle. For example, campaigns that raise or spend more than \$5,000 for the 2002 election cycle (and thus trigger registration and reporting requirements) must file quarterly reports beginning in 2002, even if the candidate drops out of the race before the primary election, loses the primary or drops out of the race before the general election.

*(continued on page 2)*

## 800 Line

(continued from page 1)

### Eligibility for Termination

An authorized committee may terminate its registration and reporting obligations by filing a termination report, provided that:

- It has ceased raising and spending funds (11 CFR 102.3(a)(1));
- It has extinguished all debts and, if the committee is a principal campaign committee, the debts of any other committees authorized by the candidate for the election cycle have also been extinguished (11 CFR 102.3(a)(1)(b));
- It does not have any funds or assets available to pay debts owed by another committee authorized by the same candidate, regardless of the election cycle (11 CFR 116.2(c)(1)(ii)); and
- It is not involved in an ongoing FEC enforcement matter, audit or court case.

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202/501-3413 (FEC Faxline)  
202/219-3336 (TDD for the  
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### Termination Report

If a committee is eligible to terminate, it may file a termination report at any time.

When filing a termination report, the treasurer should check the “Termination Report” box on the Form 3 Summary Page (Line 4). The termination report for an authorized committee must include:

- The disclosure of all receipts and disbursements not previously reported;
- A statement explaining how any excess campaign funds will be used and, if applicable, whether the funds will be used for the individual’s duties as a federal officeholder; and
- An assurance that assets will not be converted to personal use. 11 CFR 102.3(a).

Even after filing a termination report, the committee must continue to file regularly-scheduled reports until it receives written notice from the Commission that the termination report has been accepted.

### Termination of Committees With Debts

A terminating committee—that is, a committee that raises contributions and makes expenditures only for the purpose of paying debts and winding-down expenses—can eliminate its debts in one of two ways: It may assign its debts to another committee of the same candidate, or it may settle them for less than the amount owed. 11 CFR 116.1(a), 116.2(a) and 116.2(c)(3). These procedures are explained below.

### Assigning Debts to Another Committee

To expedite termination, an authorized committee that qualifies as a terminating committee and has no cash on hand or assets available to pay its debts may assign them to

another authorized committee of the same candidate,<sup>1</sup> provided that:

- The assignment is permitted under applicable state laws (e.g., laws on debts and creditors);
- The committee assigning the debts was organized for an election already held;
- No later than 30 days before the assignment takes place, the assigning committee notifies each creditor in writing of the name and address of the committee assuming the debt; and
- The committee assuming the debts notifies the Commission in writing that it has assumed the obligation to pay and report the debts. (The committee uses separate schedules to report the debts and the contributions raised to retire them).

Once the debts are assigned, the assigning committee may file a termination report. 11 CFR 116.2(c)(3).

### Settling Debts

An authorized committee may extinguish its debts by settling them for less than the amount owed if:

- The committee qualifies as a terminating committee;
- The candidate does not have another authorized committee with enough funds to pay all or part of the debts; and
- The committee files a debt settlement plan (see below), which is subject to Commission review, and complies with the other rules governing debt settlement. 11 CFR 116.1(a), 116.2(c)(1) and 116.7.

Note that a committee may not terminate and must continue to file its reports until the debt settlement process is concluded.

<sup>1</sup> Special rules apply to Presidential candidate committees receiving public funds. See 11 CFR 116.2(c)(3).

### Debts Subject to Settlement

The following debts may be settled for less than the amount owed in accordance with debt settlement procedures:

- Debts owed to commercial vendors;<sup>2</sup>
- Salary owed to employees;
- Debts arising from advances by individuals (e.g., campaign staff using personal funds or credit cards to pay campaign expenses); and
- Loans owed to political committees or individuals—including the candidate.

All such settlements must be made in the ordinary course of business. The Commission will review them to ensure that they are not in violation of the Federal Election Campaign Act (the Act) or Commission regulations. 11 CFR 116.2(a).

*Debts Owed to Commercial Vendors.* A commercial vendor (incorporated or unincorporated) may settle a debt for less than the amount owed provided that:

- Credit was initially extended in the ordinary course of business (see 11 CFR 116.3);
- The committee undertook all reasonable efforts to pay the debt, such as raising funds, reducing overhead and liquidating assets; and
- The vendor pursued remedies to collect the debt as vigorously as those pursued to collect debts from nonpolitical debtors in similar circumstances. Remedies might include, for example, late fee charges, referral to a collection agency or litigation. 11 CFR 116.4(d). The creditor is not, however, required to pursue

<sup>2</sup> A commercial vendor is a business or an individual who provides goods or services to a candidate or political committee and whose usual business is the provision of those goods or services. 11 CFR 116.1(c).

activities that are unlikely to result in the reduction of the debt.

*Salary Owed to Staff.* Unpaid salary owed to a committee employee may be settled for less than the amount owed or entirely forgiven, or alternatively it may be converted to volunteer work if the employee signs a statement agreeing to the arrangement. 11 CFR 116.6.

*Other Amounts Owed to Staff and Other Individuals.* When a committee owes money to staff or other individuals who have used personal funds to pay expenses on the committee's behalf, these debts may be settled for less than the amount owed or entirely forgiven. 11 CFR 116.5(d).

*Loans from Individuals and Political Committees.* Loans (except bank loans—see below) may also be settled for less than the amount owed or entirely forgiven. 11 CFR 100.7(a)(1).

### Creditor's Rights

A commercial vendor or other creditor—including a committee employee—is not required to settle or forgive debts owed by a committee. 11 CFR 116.4(e), 116.5(d) and 116.6(b).

### Debts Not Subject to Settlement

Two categories of debts may not be settled for less than the amount owed but must be disclosed in a debt settlement plan:

- Bank loans (including lines of credit);<sup>3</sup> and
- Repayment obligations of publicly-funded campaigns. 11 CFR 116.7(c).

### Debt Settlement Plans

Debt settlement plans are filed on FEC Form 8. The Commission

<sup>3</sup> Under extraordinary circumstances, such as the death or bankruptcy of the candidate, settlement of a bank loan may be appropriate. The Commission will consider specific situations on a case-by-case basis.

recommends that committees include as many settlement agreements as possible in one plan. 11 CFR 116.7(a). A committee, however, must postpone making actual payments to creditors until after the Commission has reviewed the debt settlement plan. Moreover, the committee must continue to report its debt until the Commission has completed its review. 11 CFR 116.7 (a) and (d).

Once the Commission has reviewed the debt settlement plans, the committee may pay the creditors the agreed-upon amounts and then file a termination report.

### Bankruptcy

If a candidate or committee is released from debts through a bankruptcy court decree pursuant to 11 U.S.C. Chapter 7, the committee must include in a debt settlement plan the court order and a list of the obligation from which the committee is released. 11 CFR 116.7 (g).

### Disputed Debts

A disputed debt is a disagreement between a creditor and a committee about the existence of a debt or the amount owed. If something of value was provided, the committee must report the following information on Schedule D until the dispute is resolved:

- The amount the committee admits is owed;
- The amount the creditor claims is owed; and
- Any amounts the committee has paid the creditor.

The committee may note in its report that disclosure of the disputed debt is not an admission of liability or a waiver of its claim against the creditor.

Note that, in a debt settlement plan, a terminating committee must describe any disputed debts and the committee's efforts to resolve them. 11 CFR 116.10.

(continued on page 4)

## 800 Line

(continued from page 3)

### Unpayable Debts

If a committee has an outstanding debt that is at least two years old and that cannot be paid because the creditor has gone out of business or cannot be located, the committee may request a determination from the Commission that the debt is unpayable. See 11 CFR 116.9.

### Administrative Termination

An authorized committee that is inactive and wishes to terminate but cannot reach settlement agreements with its creditors may ask the Commission for administrative termination. See 11 CFR 102.4 for further details.

If you have any questions, call the Information Division at 800/424-9530 (press 1, then 3) or 202/694-1100. ♦

## Reports

(continued from page 1)

2001, filing date and a year-end report by the January 31, 2002, filing date.

Campaigns that raise or spend more than \$5,000 for the 2002 election cycle (thus triggering registration and reporting requirements) must file quarterly reports beginning in 2002, even if the candidate withdraws from the race prior to the primary election, loses the primary or drops out of the race prior to the general election. Committees must continue to file reports until they file a termination report

and the Commission notifies them in writing that their termination report has been accepted. See related article on page 1.

### Election Cycle Reporting

Beginning with the reporting periods that start on or after January 1, 2001, authorized committees of federal candidates must aggregate and report receipts and disbursements on an election-cycle basis. For more information see the November 2000 *Record*, page 2, or call the FEC's Information Division at 800/424-9530 (press 1, then 3) or 202/694-1100.

### Electronic Filing

Political committees that receive contributions or make expenditures in excess of \$50,000 in a calendar year, or that expect to do so, must submit their reports electronically.

**A committee required to file electronically that files instead on FEC paper reporting forms will be considered a nonfiler.** For additional information on electronic filing, see the January 2001 *Record*, page 7, or call the FEC's Electronic Filing Office at 800/424-9530 or 202/694-1307.

### Receipt of Reports

Reports sent by registered or certified mail must be **postmarked** by the filing date.

Reports sent by other means must be **received** by federal and state filing offices by the filing date.<sup>2</sup> Other means of delivering reports could include standard mail delivery, Express Mail service or shipping through one of the nongovernment services, such as Federal Express.

Electronically-filed reports must be **received** by federal and state filing offices by midnight, eastern time, on the filing date. Electronic filers will receive e-mail or fax confirmation that their report has been received by the Commission. Electronic filers should note that they must still send a copy of their

reports to applicable state election offices in states that do not qualify for the state filing waiver.<sup>2</sup>

### Filing Schedules

For a complete list of the 2001 reporting dates:

- See the January 2001 *Record*, p. 4;
- Log on to <http://www.fec.gov> and click on the "[Candidate and Committee Guide](#)" icon;
- Request a copy from FEC Faxline by calling 202/501-3413 (request document 586); or
- Call 800/424-9530 (press 1, then 3) and ask that the 2001 reporting schedule handout be mailed to you. ♦

## Florida Special Election Reporting

The Special Election to fill the U.S. House seat being vacated by Congressman Joe Scarborough in Florida's First Congressional district will be held on October 16, 2001. The Special Primary will be on July 24 and the Special Runoff, if needed, will be September 4. Committees involved in any of these elections should consult the accom-

## Public Appearances

July 12, 2001  
American Bankers Association  
Washington, DC  
Dorothy Yeager

<sup>2</sup> The Commission has certified that the following states and territories qualify for filing waivers: Alabama, American Samoa, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Virgin Islands, Washington, West Virginia, Wisconsin and Wyoming. Committees that file their reports at the FEC need not file copies in these states.



panying chart for filing information.<sup>1</sup>

Note that 48-hour notices are required of authorized committees that receive contributions of \$1,000 or more between July 5 and July 21 for the special primary, between September 27 and October 13 for the Special General Election and between August 16 and September 1 for the Special Runoff, if needed.

Reports filed electronically must be submitted by midnight on the filing date. A committee required to file electronically that files instead on FEC paper reporting forms will be considered a nonfiler.

Reports filed on paper and sent by registered or certified mail must be postmarked by the mailing date; reports sent by any other means (including reports sent via first class mail) must be received by the Commission's close of business on the filing date. ♦

## Audits

### Audit of Democratic Party of Illinois

On May 18, 2001, the Commission approved the final audit report on the Democratic Party of Illinois (DPI). The report found that the DPI received apparent corporate contributions, inaccurately disclosed campaign expenditures and deposited nonfederal funds into a federal account.

#### Corporate Contributions

Under the Federal Election Campaign Act, any corporate contribution or expenditure in connection with any federal election is prohibited. 2 U.S.C. §441b(a).

*(continued on page 6)*

<sup>1</sup> These committees include authorized committees of candidates running in the election and other political committees (including PACs) that support these candidates and do not file monthly.

## Florida Special Election Reporting

For Committees Involved Only in the Special Primary Election:

	<b>Close of Books</b>	<b>Reg./Cert. Mail Date</b>	<b>Filing Date</b>
<b>Pre-Primary and Mid-Year Report<sup>1</sup></b>	July 4	July 9	July 12
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

For Committees Involved in Both the Special Primary and Special General If Only Two Elections are Held:

	<b>Close of Books</b>	<b>Reg./Cert. Mail Date</b>	<b>Filing Date</b>
<b>Pre-Primary and Mid-Year Report<sup>1</sup></b>	July 4	July 9	July 12
<b>Pre-General Report</b>	September 26	October 1	October 4
<b>Post-General Report</b>	November 5	November 15	November 15
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

For Committees Involved in Only the Special Primary and Special Runoff:

	<b>Close of Books</b>	<b>Reg./Cert. Mail Date</b>	<b>Filing Date</b>
<b>Pre-Primary and Mid-Year Report<sup>1</sup></b>	July 4	July 9	July 12
<b>Pre-Runoff Report</b>	August 15	August 20	August 23
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

For Committees Involved in the Special Primary, Special Runoff and Special General:

	<b>Close of Books</b>	<b>Reg./Cert. Mail Date</b>	<b>Filing Date</b>
<b>Pre-Primary and Mid-Year Report<sup>1</sup></b>	July 4	July 9	July 12
<b>Pre-Runoff Report</b>	August 15	August 20	August 23
<b>Pre-General Report</b>	September 26	October 1	October 4
<b>Post-General Report</b>	November 5	November 15	November 15
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

<sup>1</sup> Committees should file a consolidated Pre-Primary and Mid-Year Report by the filing date of the Pre-Primary Report, as listed above.

## Audits

(continued from page 5)

The DPI received \$38,800 from 22 incorporated entities. The contributions were drawn from the accounts of incorporated law firms and from individuals' corporate accounts. The DPI argued that the contributions were distributed among the partners and that contributors who used corporate checks were advised to donate only money that was from their personal funds.

However, it could not be established that the contributions did not in fact come from corporate accounts. In response, the DPI refunded all but \$400 to the contributors. The \$400, which could not be refunded, was given to the U.S. Treasury.

### Inaccurate Disclosure of Expenditures

The DPI incorrectly reported disbursements for get-out-the-vote (GOTV) drives. These disbursements were incorrectly itemized on Schedule B instead of Schedule H-4, which committees use to disclose the allocation of disbursements between federal and nonfederal accounts. 11 CFR 106.5(a)(2)(i) and (iv). The date and amount of withdrawals for the GOTV activities were also misreported. Upon request, the committee submitted the amended forms, correcting the disclosure.

### Deposit of Nonfederal Funds into a Federal Account

The DPI deposited a total of \$15,557 into its federal accounts to offset operating expenditures. The committee did not then reimburse its nonfederal accounts for their share of the offsets, as required by 11 CFR 106.5(g)(1)(i) and (2)(B), thus retaining impermissible nonfederal funds in a federal account. Upon request, the DPI reimbursed the nonfederal account \$11,196, for the nonfederal share of the offsets, and amended the appropriate reporting forms. ♦

## Massachusetts Special Election Reporting

The Special Election to fill the U.S. House seat of the late Congressman Joseph Moakley in the Ninth Congressional District will be held on October 16, 2001. The parties will nominate candidates for that election in Special Primary Elections on September 11, 2001. Note that 48-hour notices are required of authorized committees that receive contributions of \$1,000 or more between August 23 and September 8 for the Special Primary Election and between September 27 and October 13 for the Special General Election. Committees (including PACs) involved in any of these elections must follow the appropriate reporting schedule below.<sup>1</sup>

For Committees Involved Only in the Special Primary Election:

	Close of Books	Reg./Cert. Mail Date	Filing Date
<b>Pre-Primary Report</b>	August 22	August 27	August 30
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

For Committees Involved in Both the Special Primary Election and the Special General:

	Close of Books	Reg./Cert. Mail Date	Filing Date
<b>Pre-Primary Report</b>	August 22	August 27	August 30
<b>Pre-General Report</b>	September 26	October 1	October 4
<b>Post-General Report</b>	November 5	November 15	November 15
<b>Year-End Report</b>	December 31	January 31	January 31, 2002

<sup>1</sup> Reports filed electronically must be submitted by midnight on the filing date. A committee required to file electronically that instead files on FEC paper reporting forms will be considered a nonfiler. Reports filed on paper and sent by registered or certified mail must be postmarked by the mailing date; reports sent by any other means (including reports sent via first class mail) must be received by the Commission's close of business on the filing date.

## Audit of California State Republican Party

On May 24, 2001, the Commission approved the final audit report on the California State Republican Party. The report found that, during the 1998 election cycle, the party made excessive coordinated party expenditures on behalf of the Matt Fong for Senate Committee and Bordonaro for Congress.

### Background

Under 2 U.S.C. §441a(d), state and national party committees may make coordinated party expenditures on behalf of their general election nominees. These expenditures do not count against contribution limits, but have their own limits, dependent upon the office sought. In the case of Senate and House nominees, the state party has

its own spending limits, which are separate from those of the national party.

Under commission regulations, one committee may assign all or part of its coordinated party expenditure authority to another party committee. 11 CFR 110.7(a)(4) and 11 CFR 110.7(c). To do so, however, the assigning agent must first, in a written agreement, authorize the spending and specify the amount that the designated agent may spend.<sup>1</sup>

### Audit Findings

*Coordinated Party Expenditures.* The audit found that the California State Republican Party (CRP) exceeded the coordinated party expenditure limit in the amount of \$845,554 for the Matt Fong for Senate Committee and \$2,663 for Bordonaro for Congress. These expenditures expressly advocated the election of a candidate and were made in coordination with the campaigns. Therefore, they could not be considered independent expenditures.

Moreover, the CRP misreported coordinated party expenditures by reporting some disbursements as operating expenditures and failing to report other disbursements in any of the committee's pre-audit disbursement totals. Additionally, a portion of the funds spent on behalf of the Fong and Bordonaro committees came from the CRP's nonfederal account and were never reported on the committee's FEC disclosure reports.

The CRP claimed that the Republican National Committee (RNC) had transferred spending authority to the state party commit-

tee. Therefore, the CRP had not exceeded their overall coordinated party expenditure limits.

The CRP could not provide proof of prior written authorization. They did, however, provide affidavits from Michael Schroeder, the former chairman of the CRP, and Mitch Bainwol, the former Executive Director of the RNC, which asserted that the RNC had provided prior authorization. Also, the RNC argued that their Party Rule 34(f) prevented them from directly supporting Matt Fong, resulting in a transfer of spending authority to the CRP.

The Commission did not accept either of these explanations. First, proof of written authorization was never established. Second, circumvention of the RNC's party rule through such a transfer would seem to undermine the intent of the rule. Third, the CRP's original disclosure forms did not indicate a need for additional spending authority, because their own coordinated party expenditure limits did not seem to have been exceeded.

The CRP has filed amended reports correctly itemizing all coordinated party expenditures for the two candidates. Also, as recommended, the CRP reimbursed their nonfederal account \$111,961 for over-funding of federal activity.<sup>2</sup>

The Commission also recommended that the CRP seek refunds from the Fong and Bordonaro committees.

*Misstatement of Financial Activity.* In large part because the CRP's disbursements were understated by \$1,740,744, the party's cash on hand was overstated by \$1,742,757. The CRP has filed a comprehensive

report that materially corrects the original reports.<sup>3</sup>

*Reporting Errors.* The CRP incorrectly reported contributions from individuals, identifying the wrong account holder on joint and single accounts. Such errors were attributed to inadequate computer software. The CRP asserts that they have revised their donor receipt procedures.

Additionally, the CRP did not file debt schedules for the period of July 1, 1998, through December 31, 1998. Amended schedules were submitted, which corrected any discrepancy.

The CRP also did not properly itemize 88 refunds totalling \$33,080. Upon recommendation, the refunds were itemized on amended schedules.

The CRP received a loan in the amount of \$300,000, which they repaid with interest. However, the committee did not properly itemize the receipt of the loan. To correct this reporting error, they later submitted an updated Schedule C-1. ♦

## Court Cases

### Marilyn Kieffer v. FEC

On April 23, 2001, plaintiffs filed a complaint in the U.S. District Court for the Central District of Illinois. The complaint appeals a civil money penalty the Commission imposed on Bayne for Congress (the Committee) and Ms. Kieffer, as treasurer, for failure to file the Committee's 2000 October Quarterly Report. The Committee attempted to file a termination report in June of 2000.

(continued on page 8)

<sup>1</sup> See Campaign Guide for Political Party Committees p. 16. It is the responsibility of the assigning agent to monitor and disclose coordinated party expenditures made by designated agents. See Campaign Guide for Political Party Committees p. 41.

<sup>2</sup> The CRP has argued that this finding should be deferred until after the Supreme Court rules on the constitutionality of coordinated party expenditure limits in *FEC v. Colorado Republican Federal Campaign Committee*.

<sup>3</sup> Before becoming aware of the Commission's audit, the CRP had begun amending their reports to account for the additional disbursements.

## Court Cases

(continued from page 7)

In December 2000, the Commission found reason to believe that the Committee and Ms. Kieffer had violated 2 U.S.C. §434(a), which requires the timely filing of reports by political committees, by not filing the Committee's October 2000 Quarterly Report. The Commission assessed a civil money penalty in the amount of \$4,500 in accordance with 11 CFR 111.43.

U.S. District Court for the Central District of Illinois, 01-4029. ♦

### FEC v. James Toledano

On May 3, 2001, the U.S. District Court for the Central District of California granted the Commission's request for summary judgment, ruling that James Toledano violated 2 U.S.C. §432(b)(2) of the Federal Election Campaign Act. This provision requires persons who receive contributions for a political committee in excess of \$50 to forward these contributions to the committee's treasurer within 10 days after receiving them.

In 1996, Mr. Toledano, then chair of the Orange County Democratic Central Committee, failed to present \$10,000 in contributions to the party's treasurer. Instead, he deposited the funds into a separate bank account and used them to support a congressional candidate in the 1996 primary election, all without the treasurer's knowledge or consent. The court imposed a \$7,500 civil penalty. See the June 2000 *Record* p. 9.

U.S. District Court for the Central District of California, CV 00-6526-GAF. ♦

## Advisory Opinions

### Advisory Opinion Requests

#### AOR 2001-9

Use of excess campaign funds to pay expenses resulting from media inquiries concerning former Senator and made after his term expired (Kerrey for U.S. Senate Committee, June 4, 2001)

#### AOR 2001-10

Employment of candidate's spouse by campaign committee (Jesse L. Jackson, Jr. For Congress Campaign Committee, June 11, 2001) ♦

## Administrative Fines

### Committees Fined for Nonfiled and Late Reports

On June 1 and June 7, 2001, the Federal Election Commission publicized its final action on 39 new Administrative Fine cases, bringing the total number of cases to 103. Most of the committees listed below failed to file or filed late election sensitive reports. Under the Administrative Fine program, late and nonfiled election sensitive reports, which include reports and notices filed prior to an election (i.e., 12 day pre-primary, October quarterly and October monthly reports), incur higher civil money penalties.

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 Fine regulations. Penalties for nonfiled 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.

The committees and their treasurers are assessed civil money penalties when the Commission makes its final determination.<sup>1</sup> Unpaid civil

<sup>1</sup> The following committees and their treasurers were assessed civil money penalties under the Administrative Fine regulations:

American Academy of Emergency Medicine PAC (\$525), American Meat Institute PAC (\$1,275), Bill Bradley for President Inc. (\$3,050), California Voter Guide (\$1,000), Cincinnati Bell Inc. FED PAC (\$425), Citizens for the Republic (\$1,350), Clarke 2000 (\$3,000), Committee on Arrangements for the 2000 Republican National Convention (\$6,500), Committee to Elect Tony Fusco to Congress (\$2,025), Committee to Elect Kevin McKeigue for US Senate (\$1,800), E\*Trade Group Inc., PAC (\$1,725), Eva Clayton Committee for Congress (\$4,000), Democratic Foundation of the Desert (\$750), Friends of Mark Brewer Committee (penalty reduced to \$0 due to lack of activity on report), Hergert for US Senate (\$900), Hutchins for Congress (\$1,125), International Association of Holiday Inns Inc., PAC (\$400), International Council of Cruise Lines PAC (\$2,000), Janezich for US Senate Committee (\$1,725), Jeff Wright for Congress Exploratory Committee (penalty reduced to \$0 due to lack of activity on report), Judy Smith for Congress (\$900), Law Enforcement Alliance of America Inc., Fund for Responsible Government (\$2,000), Lee Steers for Congress/2000 (\$525), Libertarian Party of Illinois (\$3,000), Local Union Drive No. 25 (\$600), Macomb County Democratic Committee (\$1,125), Marriott International Inc. PAC (\$2,150), Meeks for Congress 2000 (\$750), PECO Energy Company PAC (\$2,000), Pegram for Congress (\$475), Peter Abair for Congress Committee (\$900), Plumbers Local Union No. 1 NYC PAC (\$1,775), TACO PAC (\$3,000), Tom Foley for US Senate (\$375), Trout for Congress (\$425), Trout for Congress (\$275), Viacom International Inc., PAC (\$800), West Virginia Republican State Executive Committee (\$1,050), Wisconsin Right to Life PAC (\$850).



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

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). ♦

## Compliance

### Nonfiler

The Diane Watson for Congress Committee failed to file electronically a pre-runoff report for the June 5, 2001, runoff election to select candidates for California's 32<sup>nd</sup> congressional district. Instead, the committee filed a paper report. The Commission sent a Mandatory Electronic Filing Notice on May 30, 2001, notifying the committee that their paper filing was not valid and that they must file their report electronically.

Under the Mandatory Electronic Filing regulation, any committee that receives contributions or makes expenditures in excess of \$50,000 in the current calendar year, or that reasonably expects to do so, must submit its reports electronically. If a committee required to file electronically files a report on paper, the Commission considers the report to be nonfiled. 11 CFR 104.18 (a)(2). These rules effect reporting periods beginning on or after January 1, 2001.

The Federal Election Campaign Act requires the Commission to publish the names of principal campaign committees if they fail to file 12 day pre-election reports and the quarterly report due before the candidate's election. 2 U.S.C. 437g(b) and 438 (a)(7). The agency may also pursue enforcement actions against nonfilers and late filers under the Administrative Fine program on a case-by-case basis. For more information on the Administrative Fine program, see the accompanying article on page 8. ♦

## Alternative Dispute Resolution

### ADR Program Update

On May 3, 2001, the Commission reached agreement, under the Alternative Dispute Resolution (ADR) program, with the Let's Go ForWard Hawaii Committee. The Committee was levied an \$800 civil money penalty for excessive contributions and failure to file timely disclosure reports. They also agreed to work with the Reports Analysis Division to correct incomplete reports, file amendments to reports and file for termination.

Closed ADR-negotiated settlement summaries are available from the Public Records Office at 999 E Street, NW., Washington, DC 20463. The Public Records Office may also be contacted at 800/424-9530 (press 3). ♦

## Statistics

### Increased Financial Activity

Financial activity by Congressional candidates, political parties and political action committees (PACs) increased sharply during the recent 1999-2000 election cycle, compared to the 1997-1998 cycle. The Commission compiled the following statistics based on political committees' financial disclosure reports covering the period between January 1, 1999, and December 31, 2000.

### Congressional Candidate Committees

For the first time, Congressional financial activity surpassed the \$1 billion mark, totaling \$1.047 billion raised and \$1.006 billion spent. This rise marks an increase of 34 percent in receipts and 36 percent in dis-

bursements over the 1997-1998 election cycle. In the House, 2,083 candidates raised \$610.4 million and spent \$572.3 million, an increase of 24 percent and 26 percent, respectively. In the Senate, 333 candidates raised \$437 million and spent \$434.7 million, up 52 percent and 51 percent.

As in past elections, candidates competing for open seats spent more than did challengers or incumbents. Median spending by candidates of both major parties increased over that of the 1998 elections. See graph on page 10.

### Political Parties

Political party fundraising was also up during the 1999-2000 election cycle. Republican fundraising outpaced that of the Democrats by \$715.7 million to \$520.4 million. Republicans totaled \$465.8 million in federal receipts to the Democrats' \$275.2 million. This increase, however, marked only a 12 percent increase over the last election cycle for the Republicans, while the Democrats' receipts increased 24 percent. In nonfederal funds, Republican national party committees raised \$249.9 million while Democratic national party committees raised \$245.2 million, an increase of 81 percent and 98 percent, respectively. Nonfederal money comprised 47 percent of total receipts for Democrats and 35 percent for Republicans.

### PACs

PAC financial activity also increased during the 2000 election cycle. PACs raised \$604.9 million and spent \$579.4 million, an increase of roughly 20 percent. PAC contributions to federal candidates totaled \$259.8 million, up 17 percent. Republican congressional candidates received \$136.2 million to Democrat's \$123.1 million, an

*(continued on page 10)*

## Statistics

(continued from page 9)

increase of 17 percent and 19 percent, respectively. In addition, PACs made \$21 million in independent expenditures.

### Additional Details

Additional details are available in news releases dated May 15, 2001, and May 31, 2001. The releases include party fund transfers, summary data of parties by committee, candidate and election cycle, summary of PAC data by type of PAC, total receipts and total contributions and summary of congressional data by House and Senate candidates, type of receipt and type of disbursement. The news releases are available:

- On the FEC Web site at <http://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 and request documents 612 (Congressional), 613 (Party) and 614 (PAC)).♦

## Index

The first number in each citation refers to the “number” (month) of the 2001 *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

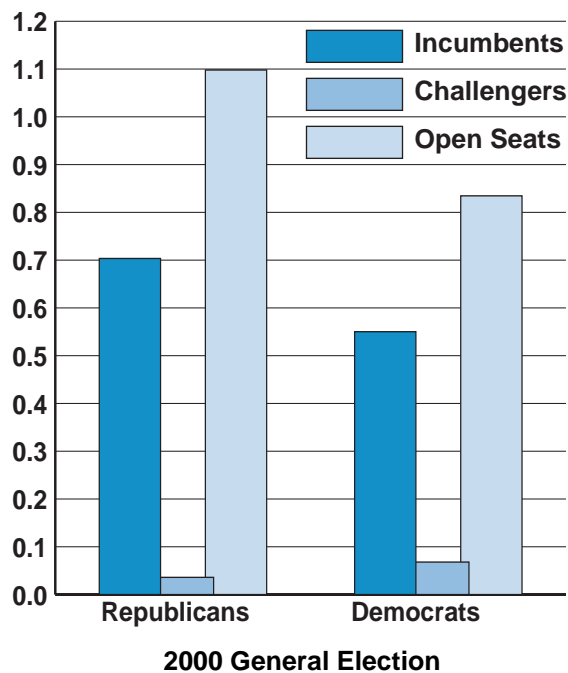
- Alternative disposition of 2001-5, 5:6
- 2000-24: Preemption of state election law mandating fixed allocation ratio for administrative and voter drive expenses, 2:2

- 2000-27: Status of party as state committee, 3:6
- 2000-28: Disaffiliation of trade associations and their PACs, 2:3
- 2000-30: Nonconnected PAC’s receipt and use of securities, 5:1
- 2000-32: Reporting uncollectable loan, 1:9
- 2000-34: Name and acronym of SSF, 2:5
- 2000-35: Status of party as state committee, 1:10
- 2000-36: Disaffiliation of nonconnected PACs, 2:5
- 2000-37: Use of campaign funds to purchase and present Liberty Medals, 2:6
- 2000-38: Registration of party committee due to delegate expenses, 2:7
- 2000-39: Status of party as state committee, 2:8
- 2000-40: Donations to legal defense fund of Member of Congress, 3:7

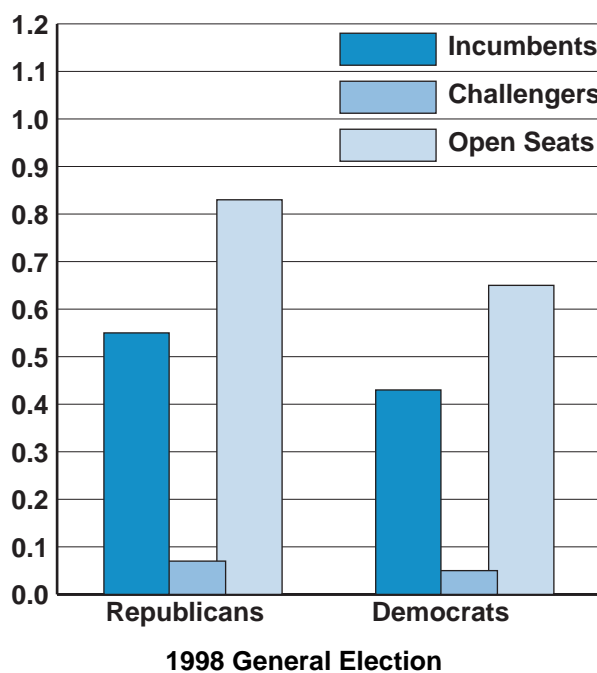
(continued on page 12)

## Median Spending by Congressional Candidates

Millions of dollars



Millions of dollars



### Updated FECA and CFR Available

The 2001 editions of the Federal Election Campaign Act and FEC regulations at 11 CFR are available. The Commission has mailed copies of these publications to registered committees; however, due to a mailing error, some committees may not have received their copies.

If you are a registered committee that has not received the 2001 editions of the FECA and FEC Regulations—or if you would simply like to receive a free copy of these publications—please fill out the postage-paid order form below, fold it into thirds and drop it into any mailbox. You may also order copies of these publications by phone; call 800/424-9530 (press 1, then 3) or 202/694-1100.

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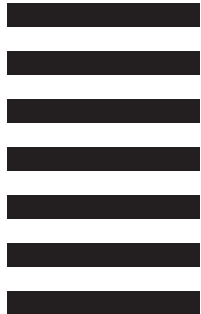


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## Index

(continued from page 10)

- 2001-1: Use of political party's office building fund to pay building renovation costs and fundraising expenses of building fund, 4:5
- 2001-2: Status of party as state committee, 4:6
- 2001-3: Use of campaign funds to purchase an automobile for campaign purposes, 5:5
- 2001-4: Use of electronic signatures for PAC contributions by payroll deduction, 6:6
- 2001-6: Status of party as state committee, 6:7

### Compliance

- Committees fined under Administrative Fines Program, 2:6, 4:7, 5:7, 6:5, 7:8
- MUR 4594: Prohibited Foreign National Contributions, 6:8
- MUR 4762: Prohibited union contributions and other violations, 2:9

MUR 5029: Contributions in the name of another made by corporation and government contractor, 2:10

### Court Cases

- \_\_\_\_\_ v. FEC
- Beaumont, 2:8, 3:2, 5:6, 6:9
- Buchanan, 1:10
- DNC, 2:8, 3:2
- Dole, 5:6
- Kieffer, 7:7
- Miles for Senate, 3:3
- Nader, 4:8, 6:9
- Natural Law Party of the United States of America, 1:10, 2:8, 3:2
- FEC v. \_\_\_\_\_
- Friends for Fasi, 6:8
- Toledano, 7:8

### Other

- Hooker v. All Campaign Contributors, 1:10
- Hooker v. Sundquist, 4:8

### Regulations

Advanced Notice of Proposed Rulemaking on definition of “political committee,” 4:1

Notice of Proposed Rulemaking on reporting of independent expenditures and last-minute contributions, 6:1

Final rules for general public political communications coordinated with candidates and party committees; independent expenditures, 1:2, 6:3

### Reports

- Amendments to Statements of Organization, 2:1
- Arizona state filing waiver, 6:10
- California special election, 3:5
- Committees required to file tax returns, 3:4
- Florida special election, 7:4
- July reporting reminder, 7:1
- Massachusetts special election, 7:6
- Nevada state filing waiver, 2:2
- Pennsylvania special election, 4:5
- Reports due in 2001, 1:4
- Virginia special election, 5:6

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