FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 1013

Date Filmed 10/5/79 Camera No. --- 2

Cameraman BPC

7901040376

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

September 27, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas F. Monahan
President
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

RE: MUR 1013

Dear Mr. Monahan:

This is to confirm our receipt of your letter dated September 10, 1979 in connection with the Commission's investigation in the captioned matter. After considering the information you provided, the Commission determined on September 26, to take no further action and close its file on this matter.

At the same time, the Commission reminds you that the making of contributions/expenditures to any candidate, campaign committee or political party or organization in connection with any election is in violation of 2 U.S.C. §441b of the Federal Election Campaign Act of 1971, as amended. This includes the buying of tickets for political events and the purchase of political advertisements.

Sincerely,

William C. Oldaker
General Counsel

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas F. Monahan
President
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

RE: MUR 1013

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Sincerely,

William C. Oldaker
General Counsel

7901160378

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
First National Bank of)
Skokie)

MUR 1013

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on September 26, 1979, the Commission determined by a vote of 5-0 to adopt the following recommendations, as set forth in the General Counsel's Report dated September 19, 1979, regarding the above-captioned matter:

1. Take no further action against the First National Bank of Skokie, Illinois.

2. Close the file.

3. Send the letter attached to the above-named report.

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

Attest:

9/26/79
Date

Marjorie W. Emmons
Secretary to the Commission

Signed by the Deputy General Counsel: 9-21-79
Received in the Office of the Commission Secretary: 9-21-79, 4:13
Circulated on 48 hour vote basis: 9-24-79, 11:00

7904160379

September 21, 1979

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1013

Please have the attached General Counsel's Report on MUR 1013 distributed to the Commission on a 48 hour tally basis.

Thank you.

7901160380

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
79 SEP 21 P4: 13

BEFORE THE FEDERAL ELECTION COMMISSION
September 19, 1979

In the Matter of	)	
	)	
First National Bank of Skokie	)	MUR 1013
	)	

GENERAL COUNSEL'S REPORT

BACKGROUND

On August 20, 1979, the Commission adopted the recommendation of the General Counsel and found reason to believe that the First National Bank of Skokie, Illinois violated 2 U.S.C. §441b by making contributions/expenditures to local political organizations. On August 22, a letter of notification was sent apprising the bank of the Commission's finding.

ANALYSIS

The political contributions by the bank consisted of an aggregate of $922 spent over a two year period on tickets or political ads. In response to the letter of notification, Thomas Monahan, President of the respondent bank, forwarded to the Commission a copy of a letter to John Sherry, Regional Counsel for the Comptroller, in which the Chairman of the Board of the bank, Erman Kramer indicated that the bank was made whole for the contributions/expenditures by the members of the Board of Directors (Attachment A). Unlike the situation in MURs 928 and 929, in this matter the letter from Comptroller Regional Counsel Sherry does not state that reimbursement from any source will be satisfactory but it does imply the same: the letter states "we request advice as to whether the Bank has or will be reimbursed for these expenditures." The letter does not indicate what the proper source of reimbursement should be.

7901603810

CONCLUSION

In consideration that there appears to have been a general misunderstanding by national banks that 2 U.S.C. §441b covers the buying of tickets and political ads from local political groups (see, particularly, MUR 1026, as well as MURs 891, 927, 928, 929, 936, 1012, 1013, 1015, and Pre-MURs 40 and 42) and in consideration that the bank officers made restitution which they thought complied with the instructions from the Office of the Comptroller, we recommend that no further action be taken in this matter.

RECOMMENDATION

1. Take no further action against the First National Bank of Skokie, Illinois.

2. Close the file.

3. Send the attached letter.

21 Sept 1979
Date

William C. Oldaker
General Counsel

Attachments

Respondent's letter of September 10
Letter to Thomas Monahan

7904015038 2

FIRST NATIONAL BANK OF SKOKIE 8001 LINCOLN AVE. SKOKIE, ILLINOIS 60076 312/673-2500

ATTACHMENT 'A'

RECEIVED
FEDERAL ELECTION
COMMISSION

GCC #11093

THOMAS F. MONAHAN
President and
Chief Operating Officer

'79 SEP 12 PM 12:35

SC 4076

September 10, 1979

RECEIVED
OFFICE OF THE
GENERAL COUNSEL
'79 SEP 12 P2:19

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

ATTENTION: MR. DUANE BROWN

Re: MUR 1013

Gentlemen:

My apologies for not replying sooner to the letter of August 22, 1979 from the Federal Election Commission.

Mr. Erman Kramer, our Chairman has been out of the city since that time and due to a misunderstanding between the bank's counsel and myself, a reply was not drafted.

In Mr. Kramer's absence, I am enclosing a copy of his letter to Mr. John P. Sherry, Regional Counsel for the Comptroller of the Currency. I believe the letter states the position of the Board of Directors relating to this matter and indicates they have reimbursed the bank for the $922.00 which had been contributed to the Niles Township Regular Democratic and Republican Parties.

Sincerely,

Thomas F. Monahan

TFM:rag

Enclosure

7901160383

FILED

ERMAN G. KRAMER
Chairman of the Board
and Chief Executive Officer

April 20, 1979

Mr. John P. Sherry
Regional Counsel
Comptroller of the Currency
Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606

Dear Mr. Sherry:

I refer to your letter of February 26, 1979 concerning political contributions of this bank being in violation of the Federal Election Campaign Act of 1971, as amended.

I enclose photocopies of the checks remitted by the members of our Board of Directors to reimburse First National Bank of Skokie for the $922.00 which you have ruled the bank was wrongfully deprived of assets through violation of the law with respect to political contributions.

I have been asked by our Board of Directors to state that it was not the intent of the management or the directors to wrongfully deprive the bank of assets, and that third party opinions did not take exception to what was a traditional management practice to underwrite part of the cost of the annual dinner meetings and golf outings of the Niles Township Regular Republican and Democratic Parties, through the purchase of ads in their annual membership directories distributed at these functions.

Our Directors felt that the most expedient and least cost method of complying with your ruling was to reimburse the bank from personal funds.

Yours truly,

Erman G. Kramer

Erman G. Kramer
Chairman of the Board &
Chief Executive Officer

EGK:cz
Encl.

7901160384

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas F. Monahan
President
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

RE: MUR 1013

Dear Mr. Monahan:

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Sincerely,

William C. Oldaker
General Counsel

FIRST NATIONAL BANK OF SKOKIE 8001 LINCOLN AVE. SKOKIE, ILLINOIS 60076 312/673-2500

GCC #11093

RECEIVED
FEDERAL ELECTION
COMMISSION

THOMAS F. MONAHAN
President and
Chief Operating Officer

'79 SEP 12 PM 12:35

SC 4076

September 10, 1979

RECEIVED
GENERAL COUNSEL
79 SEP 12 P2:19

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

ATTENTION: MR. DUANE BROWN

Re: MUR 1013

Gentlemen:

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In Mr. Kramer's absence, I am enclosing a copy of his letter to Mr. John P. Sherry, Regional Counsel for the Comptroller of the Currency. I believe the letter states the position of the Board of Directors relating to this matter and indicates they have reimbursed the bank for the $922.00 which had been contributed to the Niles Township Regular Democratic and Republican Parties.

Sincerely,

Thomas F. Monahan

TFM:rag

Enclosure

7 9 0 4 0 1 6 0 3 8 6

FIRST NATIONAL BANK OF SKOKIE 9001 LINCOLN AVE. SKOKIE, ILLINOIS 60076 312/673-2500

ERMAN G. KRAMER
Chairman of the Board
and Chief Executive Officer

April 20, 1979

Mr. John P. Sherry
Regional Counsel
Comptroller of the Currency
Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606

Dear Mr. Sherry:

I refer to your letter of February 26, 1979 concerning political contributions of this bank being in violation of the Federal Election Campaign Act of 1971, as amended.

I enclose photocopies of the checks remitted by the members of our Board of Directors to reimburse First National Bank of Skokie for the $922.00 which you have ruled the bank was wrongfully deprived of assets through violation of the law with respect to political contributions.

I have been asked by our Board of Directors to state that it was not the intent of the management or the directors to wrongfully deprive the bank of assets, and that third party opinions did not take exception to what was a traditional management practice to underwrite part of the cost of the annual dinner meetings and golf outings of the Niles Township Regular Republican and Democratic Parties, through the purchase of ads in their annual membership directories distributed at these functions.

Our Directors felt that the most expedient and least cost method of complying with your ruling was to reimburse the bank from personal funds.

Yours truly,

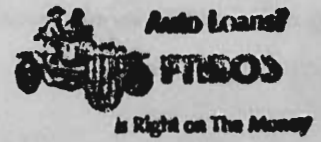
Erman G. Kramer

Erman G. Kramer
Chairman of the Board &
Chief Executive Officer

EGK:cz
Encl.

7904150387

79040 FIBOS



Federal Election Commission

1325 K Street, N. W.

Washington, D. C. 20463

'79 SEP 12 PM 12:35
FEDERAL ELECTION COMMISSION

ATTENTION: MR. DUANE BROWN

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

August 22, 1979

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Erman G. Kramer
Chairman of the Board
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

RE: MUR 1013

Dear Mr. Kramer:

This letter is to notify you that the Federal Election Commission has received information from the Comptroller of the Currency which indicates that certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act") may have been committed. We have numbered this matter MUR 1013. The Commission has reason to believe that the matters alleged state a violation of 2 U.S.C. §441b. Specifically, it appears that the First National Bank of Skokie made numerous contributions/expenditures to several political organizations including the Niles Township Regular Democratic and Republican parties between May, 1976 and August, 1978 totalling $922.00.

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

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

If you have any questions, please contact Duane Brown, the attorney assigned to this matter, at (202) 523-4057.

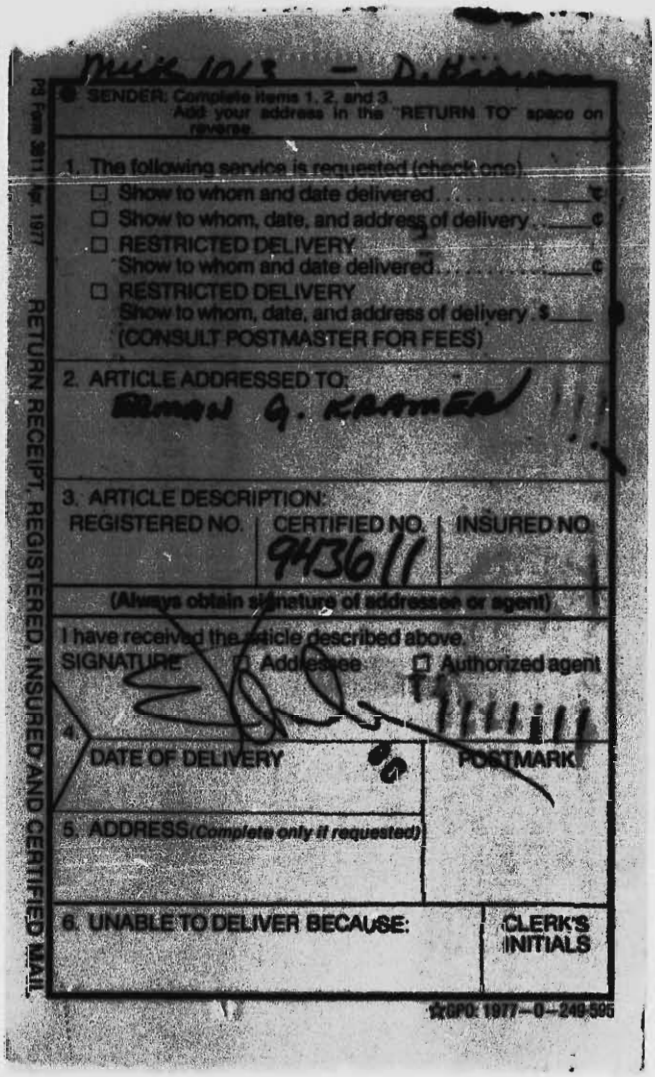
7904160389

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public. If you wish to be represented by counsel, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

7904016039O



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

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

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

2. ARTICLE ADDRESSED TO: Erman G. Kramer

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 943611 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

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

☆GPO: 1977—O—249.595

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Erman G. Kramer
Chairman of the Board
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

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7901050391

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public. If you wish to be represented by counsel, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

8/20/9

7904010160392

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1013
First National Bank of Skokie, Illinois	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify that on August 20, 1979, the Commission determined by a vote of 6-0 to adopt the following recommendations, as set forth in the First General Counsel's Report dated August 16, 1979, regarding the above-captioned matter:

1. Find reason to believe that the First National Bank of Skokie, Illinois violated 2 U.S.C. §441b of the Act.

2. Send the appropriate letter.

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

Attest:

8-20-79
Date

Margaret E. Chaney
for Marjorie W. Emmons
Secretary to the Commission

Received in Office of Commission Secretary: 8-16-79, 9:57
Circulated on 48 hour vote basis: 8-16-79, 4:00

7904016039 3

August 16, 1979

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: MUR 1013

Please have the attached First General Counsel's Report on MUR 1013 distributed to the Commission on a 48 hour tally basis.

Thank you.

7901016039 4

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

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

79 AUG 16 A 9:57

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION AUG 16 1979

MUR NO. 1013

STAFF MEMBER D. Brown

COMPLAINANT'S NAME: Referral from Comptroller of Currency

RESPONDENT'S NAME: First National Bank of Skokie, Illinois

RELEVANT STATUTE: 2 U.S.C. §441b

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

SUMMARY OF ALLEGATIONS

BACKGROUND

As a result of information recently obtained through the Comptroller's Regional Office in Chicago, this matter was referred to the Commission alleging possible violations of the Act. The respondent is the First National Bank of Skokie, Illinois.

FACTS

The respondent bank made ten contributions for the benefit of the Niles Township Regular Democratic and Republican parties between May, 1976 and August, 1978 totalling $922.00. Expenditures were made primarily for the purchase of advertising space in political "ad books". The Comptroller's Office has noted that the Board of Directors is not planning to seek reimbursement for the bank of any of the expenses "so as not to engender any ill will towards the bank". In any event, the Comptroller's Office has reported that the bank Board of Directors has taken steps to prohibit any further contribution to a regular political party.

7901160395

ANALYSIS

Under 2 U.S.C. §441b of our Act, national banks are prohibited from making any "contribution or expenditure" in connection with any election to any political office. 2 U.S.C. §441b(b)(2) provides that:

> ". . . [T]he term "contribution or expenditure" shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money . . . or anything of value . . . to any candidate, campaign committee or organization in connection with any election . . .".

It appears that the expenditures by the First National Bank of Skokie, Illinois constitute a "contribution or expenditure" in connection with an election and therefore is in violation of 2 U.S.C. §441b of our Act.

RECOMMENDATION

1. Find reason to believe that the First National Bank of Skokie, Illinois violated 2 U.S.C. §441b of our Act.

2. Send the appropriate letter.

Attachment

Referral
Letter to Erman G. Kramer

7901150396

Pre-mur 35 1813

RECEIVED
FEDERAL ELECTION
COMMISSION

'79 JUL 18 PM 2:55

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

July 16, 1979

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

Dear Mr. Oldaker:

The Comptroller's Regional Office in Chicago recently learned that the First National Bank of Skokie, Skokie, Illinois, has made several contributions for the benefit of the Niles Township Regular Democratic and Regular Republican parties. Specifically, ten such contributions have been made since January 1,1976, in the total amount of $922; the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. The Chicago Office has noted that the Board of Directors is not planning to seek reimbursement for the bank of any of these expenses so as not to engender any ill will towards the bank. Incidentally, it is the Board's opinion that they did not regard these contributions as having been "in connection with any election." In any event, the Board has acted to prohibit any contributions to a regular political party.

In light of the Federal Election Commission's jurisdiction over potential violations of 2 U.S.C. 441b, we believe that this information should be referred to you for your independent investigation and review. If we can be of any further assistance or can provide any information, please contact the Enforcement and Compliance Division of the Office of the Comptroller of the Currency at 447-1983.

Sincerely,

Paul M Homan

Paul M. Homan
Senior Deputy Comptroller for Bank Supervision

Attachments

7901160397

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

RECEIVED
ENFORCEMENT
JAN 15 1979
COMPTROLLER OF THE CURRENCY

MEMORANDUM

To: Robert B. Serino, Director
Enforcement & Compliance Division

From: John P. Sherry, Regional Counsel

Date: January 10, 1979

Subject: First National Bank of Skokie
Skokie, Illinois

I. Summary

Recently, we became aware that referenced bank had purchased at least one advertisement in a political ad book, in possible violation of the Federal Election Campaign Act of 1971, as amended (2 U.S.C. §431, et seq.). Upon further inquiry, the bank has acknowledged making the following contributions:

	Recipient	Date	Amount
1.	Niles Twp. Regular Democrats	5/24/76	$ 72.00
2.	" " " " Republicans	9/30/76	100.00
3.	" " " " Republicans	10/29/76	105.00
4.	" " " " Democrats	1/24/77	100.00
5.	" " " " Republicans	7/6/77	100.00
6.	" " " " Democrats	9/12/77	100.00
7.	" " " " Democrats	2/15/78	100.00
8.	" " " " Republicans	2/13/78	45.00
9.	" " " " Republicans	8/18/78	100.00
10.	" " " " Democrats	8/21/78	100.00

7901150398

II. Evidence

For your reference, we are enclosing a copy of our letter dated December 6, 1978, advising the bank of our review of a political ad book. Further, we enclose the response from the bank, acknowledging a total of ten (10) contributions since January 1, 1976, together with copies of the expense checks for each donation and a summarization of all of the expenditures. In reviewing the summarization sheet, we note that the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. We also note that the Board is not planning to reimburse the bank for these expenses.

III. Analysis

It appears these payments to the organizations listed above constitute "contributions" as defined in the Act. See 2 U.S.C. §431(e). Accordingly, the bank has possibly violated the provisions of Section 441b, prohibiting contributions by national banks to political candidates and organizations.

We refer these matters to your attention for the action you deem appropriate.

Enclosures

7904016039 9

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

December 6, 1978

Mr. Erman G. Kramer
Chairman of the Board
First National Bank
8001 Lincoln Avenue
Skokie, Illinois 60076

Dear Mr. Kramer:

Recently, we reviewed a copy of an ad book, entitled "Niles Township Regular Democratic Organization, Annual Dinner Dance", dated November 19, 1977. In the ad book was an advertisement apparently authorized and purchased by the First National Bank of Skokie ("Bank"). We wish to discuss the advertisement in light of the Federal Election Campaign Act of 1971, as amended (hereinafter the "Act"), 2 U.S.C. §431, et seq.

You should be aware that the Act, 2 U.S.C. §441b(a), prohibits national banks from making any "contribution or expenditure" to any political candidate or organization. As stated in Section 441b:

> "... the term 'contribution or expenditure shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value ... to any candidate, campaign committee, or political party or organization, in connection with any election ...."

Accordingly, the issue raised by the Bank's purchase of an advertisement in this ad book is whether such action constitutes a contribution or expenditure in connection with an election. It is our opinion, an opinion shared by the Federal Election Commission, that such a purchase constitutes an expenditure prohibited by the Act.

7 9 0 1 0 6 0 4 0 0

Under the Act and Regulations promulgated by the Federal Election Commission pursuant to its authority under the Act (11 C.F.R. §100.1, et seq.), advertisements purchased in publications sponsored by a candidate or political committee are not excepted from the definition of "expenditure." Further, while one might question whether such expenditures are "in connection with the election to any political office", we point out that the prime purpose of a political committee is to influence the nomination or election of that party's candidates. All monies received by the committee, including those received from ad books, either directly or indirectly further that purpose. In addition, a national bank's purchase of dinner/dance or other tickets to politically sponsored events would likewise be prohibited by the Act.

In view of the foregoing, we request that the Bank refrain from any future expenditures for advertisements in ad books of political committees or candidates. Further, we ask you to initiate a review of the Bank's expenses for the years 1976, 1977 and 1978, and to advise us of any expenditures made to any political candidates or committees. Your report on these expenditures should include the following:

1. the names of the recipients of the expenditures;
2. the dates on which the expenditures were made;
3. the amount of each expenditure, including a copy of the appropriate expense check;
4. the purpose of such expenditures, e.g., advertisements in political ad books, dinner/dance tickets, etc.

7901050401

December 6, 1978

Mr. Erman G. Kramer
First National Bank
Skokie, Illinois

Finally, we request advice as to whether the Bank has or will be reimbursed for these expenditures.

We await your report on this matter. Should you have any questions, please do not hesitate to contact this Office.

Very truly yours,

John P. Sherry
Regional Counsel

cc: Comptroller
Bank File
Political Contribution File
Chron File

7901130402

ERMAN G. KRAMER
Chairman of the Board
and Chief Executive Officer

January 3, 1979

Mr. John P. Sherry
Regional Counsel
Comptroller of the Currency
Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606

Dear Mr. Sherry:

I refer to your letter of December 6, 1978 to my attention relative to ads appearing in the Regular Democratic Organization Annual Dinner Dance Ad Book.

I enclose a listing as requested for the years 1976, 1977 and 1978 of the recipients of our contributions to political parties. I believe the list speaks to the regularity of our contribution to our Niles Township Regular Democratic and Regular Republican parties. Copies of the checks are also enclosed as requested. Comment is requested as to the purpose, and you will note that these purposes are regular fall and spring dinners or golf outings that are held by these regular party organizations.

It has long been our practice to refrain from any contribution to any political campaign fund for a particular party or a particular candidate. We had been guided by this prior to 1971 and in the wordage of the Act of 1971 as you have noted, have not regarded these contributions as being to any campaign committee in connection with any election. Albeit, we believe that the funding of the normal annual budgets of the political parties to operate as political parties and maintain the two party system in this country has been the recipient of our support in these $100.00 and smaller contributions to their regular annual dinner dances and golf outings.

From the interpretation and the tone of your letter, our Board acted at its December meeting to prohibit any contributions to any regular political party.

7901160403

The Board also discussed the question you pose as to whether the bank has or will be reimbursed for these expenditures. It was the Board's feeling that it would be highly embarrassing and bad community relations to request these parties to reimburse for these expenditures.

Yours truly,

Erman G. Kramer

Erman G. Kramer
Chairman of the Board &
Chief Executive Officer

EGK:cz

Enclosures

7904160404

NON-DEDUCTIBLE EXPENDITURES TO POLITICAL PARTIES

Recipients of Expenditure	Date	Amount	Purpose
Niles Township Regular Democrats	5-24-76	$ 72.00	Golf Outing
Niles Township Regular Republicans	9-30-76	100.00	Advertisement in Ad Boo
Niles Township Regular Republicans	10-29-76	105.00	Dinner Dance
Niles Township Regular Democrats	1-24-77	100.00	Advertisement in Ad Boo
Niles Township Regular Republicans	7-6-77	100.00	Advertisement in Ad Boo
Niles Township Regular Democrats	9-12-77	100.00	Advertisement in Ad Boo
Niles Township Regular Democrats	2-15-78	100.00	Advertisement in Ad Boo
Niles Township Regular Republicans	3-13-78	45.00	Advertisement in Ad Boo
Niles Township Regular Republicans	8-18-78	100.00	Advertisement in Ad Boo
Niles Township Regular Democrats	8-21-78	100.00	Advertisement in Ad Boo
TOTAL		$922.00	

7901160405

40017

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-149
719

May 24, 76

72.00

Niles Township Reg. Dem. Organization

VOUCHER CHECK
AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 4"

7901016040 6

41255

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-1494
719

September 30, 76

100.00

The Niles Township Regular Republican Organization
4948 Dempster
Skokie, IL 60076

VOUCHER CHECK
AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 4"

416

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

October 29, 76 70-7

PAY $105.00

105.0

Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=14941: 90 004 4

790401604407

425

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

January 24, 77 70-7

PAY $100.00

100.0

Niles Township Regular Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=14941: 90 004 4

44240

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-1494
719

July 6 77

100.00

Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: "90 004 4"

7204016040 8

449

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

September 12, 77 70-
7

100.0

Niles Township Regular Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: "90 004 4"

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

467

February 15, 78

100.00

Niles Township Regular
Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=14941: "90 004 4"

7900160409

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

March 13, 78

45.

Niles Township Regular Republican Organization

VOUCHER CHE

NOT NEGOTIABLE

:0719=14941: "90 004 4"

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

4875

August 21, 19 78 70-719

PAY [redacted] DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Democratic Organization

VOUCHER CHECK

AUTHORIZED SIG.

AUG 21 1978

NOT NEGOTIABLE

⑆071914941⑆ 5000 90 0041 4⑈

BY

7901604110

48685

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

70-1494
719

August 18 19 78

PAY [redacted] DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Republican Organization

VOUCHER CHECK

AUTHORIZED SIGNATURE

NOT NEGOTIABLE

⑆071914941⑆ 5000 90 0041 4⑈

AUDITED OCT 19 1978

DELUXE - FORM WV-3 V-RP957

DATE	INVOICE NUMBER	DESCRIPTION			PURPOSE

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

February 26, 1979

Board of Directors
First National Bank of Skokie
8001 North Lincoln Avenue
Skokie, Illinois 60076

Gentlemen:

We are in receipt of your letter of January 3, 1979, responding to our inquiry concerning political contributions.

Based upon our review of your letter, we conclude that funds of the First National Bank of Skokie ("Bank") have been disbursed for purposes prohibited by the Federal Election Campaign Act of 1971, as amended (the "Act"), 2 U.S.C. §431, et seq. Despite the prohibited nature of these expenditures, you advise that you have elected not to seek and/or to reimburse the Bank for the amount of the disbursements. We can not accept this position.

Our concern in this matter is quite simple. The Bank has wrongfully been deprived of its assets through violations of law and unsafe and unsound actions of its officers and/or directors. The resulting loss from these actions shall not fall upon the Bank. Rather, owing to your fiduciary responsibility to the Bank, as well as your obligation to manage the affairs of the Bank in accordance with law, it is your responsibility to make the Bank whole.

7904160411

February 26, 1979

Board of Directors
First National Bank
Skokie, Illinois

We are not concerned about the source of reimbursement, whether it be from the recipients of the disbursements, the individuals at the Bank who authorized the payments, or from the individual members of the Board of Directors. This choice is within your discretion. However, consistent with your obligations as directors of a national bank, you must initiate the appropriate action to repair the damage to the Bank.

Please advise us of the action you will initiate.

Very truly yours,

John P. Sherry
Regional Counsel

cc: Comptroller - ATTN: Mr. Serino
Bank File
Exmr. File
Chron File
Political Contributions File

JMKane:kk 2/21/79

7904150412

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Erman G. Kramer
Chairman of the Board
First National Bank of Skokie
8001 Lincoln Avenue
Skokie, Illinois 60076

RE: MUR 1013

Dear Mr. Kramer:

This letter is to notify you that the Federal Election Commission has received information from the Comptroller of the Currency which indicates that certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act") may have been committed. We have numbered this matter MUR 1013. The Commission has reason to believe that the matters alleged state a violation of 2 U.S.C. §441b. Specifically, it appears that the First National Bank of Skokie made numerous contributions/expenditures to several political organizations including the Niles Township Regular Democratic and Republican parties between May, 1976 and August, 1978 totalling $922.00.

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

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

If you have any questions, please contact Duane Brown, the attorney assigned to this matter, at (202) 523-4057.

7 9 0 4 0 1 6 0 4 1 3

This matter will remain confidential in accordance with 2 U.S.C. §437g(a)(3)(B) unless you notify the Commission in writing that you wish the investigation to be made public. If you wish to be represented by counsel, please have such counsel so notify us in writing.

Sincerely,

William C. Oldaker
General Counsel

7904160414

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
First National Bank of Skokie, Illinois	)	PRE-MUR 35
	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary to the Federal Election Commission, do hereby certify, that on August 1, 1979, the Commission approved by a vote of 5-0 , the recommendation contained in the General Counsel's Memorandum dated July 27, 1979, that the above-mentioned Pre-Mur be made into a MUR.

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

Attest:

8/1/79
Date

Lena L. Stafford
for Marjorie W. Emmons
Secretary to the Commission

Received in the Office of the Commission Secretary: 7-27-79, 4:20

Circulated on 48 hour vote basis: 7-30-79 11:00

7904160415

July 27, 1979

MEMORANDUM TO: Marge Emmons

FROM: Elissa T. Garr

SUBJECT: Pre MUR 35

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

Thank you.

7901160416

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
79 JUL 27 P 4: 20

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

July 27, 1979

MEMORANDUM

TO: The Commission

FROM: William C. Oldaker
General Counsel

RE: Pre-MUR 35

7901060417

BACKGROUND

As a result of information recently obtained through the Comptroller's Regional Office in Chicago, this matter was referred to the Commission alleging possible violations of the Act. The prospective respondent is the First National Bank of Skokie, Illinois.

FACTS

The prospective respondent bank made ten contributions for the benefit of the Niles Township Regular Democratic and Republican parties between May, 1976 and August, 1978 totaling $922.00. Expenditures were made primarily for the purchase of advertising space in political "ad books".

ANALYSIS

Under 2 U.S.C. §441b of our Act, national banks are prohibited from making any "contribution or expenditure" in connection with any election to any political office. 2 U.S.C. §441b(b)(2) provides that:

> ". . . [T]he term 'contribution or expenditure' shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money . . . or anything of value . . . to any candidate, campaign committee or organization in connection with any election . . .".

It appears that the expenditures by the First National Bank of Skokie, Illinois constitute a "contribution or expenditure" in connection with an election and therefore is in violation of 2 U.S.C. §441b of our Act.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

RECOMMENDATION

Authorize that this matter be made into a MUR.

Attachment

Referral

7904015041 8

PH-MUR 135

RECEIVED
FEDERAL ELECTION
COMMISSION

'79 JUL 18 PM 2:55

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

July 16, 1979

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

Dear Mr. Oldaker:

The Comptroller's Regional Office in Chicago recently learned that the First National Bank of Skokie, Skokie, Illinois, has made several contributions for the benefit of the Niles Township Regular Democratic and Regular Republican parties. Specifically, ten such contributions have been made since January 1,1976, in the total amount of $922; the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. The Chicago Office has noted that the Board of Directors is not planning to seek reimbursement for the bank of any of these expenses so as not to engender any ill will towards the bank. Incidentally, it is the Board's opinion that they did not regard these contributions as having been "in connection with any election." In any event, the Board has acted to prohibit any contributions to a regular political party.

In light of the Federal Election Commission's jurisdiction over potential violations of 2 U.S.C. 441b, we believe that this information should be referred to you for your independent investigation and review. If we can be of any further assistance or can provide any information, please contact the Enforcement and Compliance Division of the Office of the Comptroller of the Currency at 447-1983.

Sincerely,

Paul M Homan

Paul M. Homan
Senior Deputy Comptroller for Bank Supervision

Attachments

7904160419

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

RECEIVED
JAN 15 1979

MEMORANDUM

To: Robert B. Serino, Director
Enforcement & Compliance Division

From: John P. Sherry, Regional Counsel

Date: January 10, 1979

Subject: First National Bank of Skokie
Skokie, Illinois

7901160420

I. Summary

Recently, we became aware that referenced bank had purchased at least one advertisement in a political ad book, in possible violation of the Federal Election Campaign Act of 1971, as amended (2 U.S.C. §431, et seq.). Upon further inquiry, the bank has acknowledged making the following contributions:

	Recipient	Date	Amount
1.	Niles Twp. Regular Democrats	5/24/76	$ 72.00
2.	" " " " Republicans	9/30/76	100.00
3.	" " " " Republicans	10/29/76	105.00
4.	" " " " Democrats	1/24/77	100.00
5.	" " " " Republicans	7/6/77	100.00
6.	" " " " Democrats	9/12/77	100.00
7.	" " " " Democrats	2/15/78	100.00
8.	" " " " Republicans	2/13/78	45.00
9.	" " " " Republicans	8/18/78	100.00
10.	" " " " Democrats	8/21/78	100.00

II. Evidence

For your reference, we are enclosing a copy of our letter dated December 6, 1978, advising the bank of our review of a political ad book. Further, we enclose the response from the bank, acknowledging a total of ten (10) contributions since January 1, 1976, together with copies of the expense checks for each donation and a summarization of all of the expenditures. In reviewing the summarization sheet, we note that the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. We also note that the Board is not planning to reimburse the bank for these expenses.

III. Analysis

It appears these payments to the organizations listed above constitute "contributions" as defined in the Act. See 2 U.S.C. §431(e). Accordingly, the bank has possibly violated the provisions of Section 441b, prohibiting contributions by national banks to political candidates and organizations.

We refer these matters to your attention for the action you deem appropriate.

Enclosures

7901160421

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

December 6, 1978

Mr. Erman G. Kramer
Chairman of the Board
First National Bank
8001 Lincoln Avenue
Skokie, Illinois 60076

Dear Mr. Kramer:

Recently, we reviewed a copy of an ad book, entitled "Niles Township Regular Democratic Organization, Annual Dinner Dance", dated November 19, 1977. In the ad book was an advertisement apparently authorized and purchased by the First National Bank of Skokie ("Bank"). We wish to discuss the advertisement in light of the Federal Election Campaign Act of 1971, as amended (hereinafter the "Act"), 2 U.S.C. §431, et seq.

You should be aware that the Act, 2 U.S.C. §441b(a), prohibits national banks from making any "contribution or expenditure" to any political candidate or organization. As stated in Section 441b:

> "... the term 'contribution or expenditure shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value ... to any candidate, campaign committee, or political party or organization, in connection with any election ...."

Accordingly, the issue raised by the Bank's purchase of an advertisement in this ad book is whether such action constitutes a contribution or expenditure in connection with an election. It is our opinion, an opinion shared by the Federal Election Commission, that such a purchase constitutes an expenditure prohibited by the Act.

7 7 0 4 2 1 6 0 4 2 2

December 6, 1978

Mr. Erman G. Kramer
First National Bank
Skokie, Illinois

Under the Act and Regulations promulgated by the Federal Election Commission pursuant to its authority under the Act (11 C.F.R. §100.1, et seq.), advertisements purchased in publications sponsored by a candidate or political committee are not excepted from the definition of "expenditure." Further, while one might question whether such expenditures are "in connection with the election to any political office", we point out that the prime purpose of a political committee is to influence the nomination or election of that party's candidates. All monies received by the committee, including those received from ad books, either directly or indirectly further that purpose. In addition, a national bank's purchase of dinner/dance or other tickets to politically sponsored events would likewise be prohibited by the Act.

In view of the foregoing, we request that the Bank refrain from any future expenditures for advertisements in ad books of political committees or candidates. Further, we ask you to initiate a review of the Bank's expenses for the years 1976, 1977 and 1978, and to advise us of any expenditures made to any political candidates or committees. Your report on these expenditures should include the following:

1. the names of the recipients of the expenditures;
2. the dates on which the expenditures were made;
3. the amount of each expenditure, including a copy of the appropriate expense check;
4. the purpose of such expenditures, e.g., advertisements in political ad books, dinner/dance tickets, etc.

7904160423

December 6, 1978

Mr. Erman G. Kramer
First National Bank
Skokie, Illinois

Finally, we request advice as to whether the Bank has or will be reimbursed for these expenditures.

We await your report on this matter. Should you have any questions, please do not hesitate to contact this Office.

Very truly yours,

John P. Sherry
Regional Counsel

cc: Comptroller
Bank File
Political Contribution File
Chron File

7904160424

ERMAN G. KRAMER
Chairman of the Board
and Chief Executive Officer

January 3, 1979

Mr. John P. Sherry
Regional Counsel
Comptroller of the Currency
Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606

Dear Mr. Sherry:

I refer to your letter of December 6, 1978 to my attention relative to ads appearing in the Regular Democratic Organization Annual Dinner Dance Ad Book.

I enclose a listing as requested for the years 1976, 1977 and 1978 of the recipients of our contributions to political parties. I believe the list speaks to the regularity of our contribution to our Niles Township Regular Democratic and Regular Republican parties. Copies of the checks are also enclosed as requested. Comment is requested as to the purpose, and you will note that these purposes are regular fall and spring dinners or golf outings that are held by these regular party organizations.

It has long been our practice to refrain from any contribution to any political campaign fund for a particular party or a particular candidate. We had been guided by this prior to 1971 and in the wordage of the Act of 1971 as you have noted, have not regarded these contributions as being to any campaign committee in connection with any election. Albeit, we believe that the funding of the normal annual budgets of the political parties to operate as political parties and maintain the two party system in this country has been the recipient of our support in these $100.00 and smaller contributions to their regular annual dinner dances and golf outings.

From the interpretation and the tone of your letter, our Board acted at its December meeting to prohibit any contributions to any regular political party.

7904016042 5

The Board also discussed the question you pose as to whether the bank has or will be reimbursed for these expenditures. It was the Board's feeling that it would be highly embarrassing and bad community relations to request these parties to reimburse for these expenditures.

Yours truly,

Erman G. Kramer

Erman G. Kramer
Chairman of the Board &
Chief Executive Officer

EGK:cz

Enclosures

7904016042 6

NON-DEDUCTIBLE EXPENDITURES TO POLITICAL PARTIES

Recipients of Expenditure	Date	Amount	Purpose
Niles Township Regular Democrats	5-24-76	$ 72.00	Golf Outing
Niles Township Regular Republicans	9-30-76	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	10-29-76	105.00	Dinner Dance
Niles Township Regular Democrats	1-24-77	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	7-6-77	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	9-12-77	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	2-15-78	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	3-13-78	45.00	Advertisement in Ad Book
Niles Township Regular Republicans	8-18-78	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	8-21-78	100.00	Advertisement in Ad Book
TOTAL		$922.00	

7904016042 7

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

40017

May 24, 76 72-142/719

72.00

Niles Township Reg. Dem. Organization

VOUCHER CHECK

AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 1"

7904016042 8

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

September 30, 76 72-142/719

100.00

The Niles Township Regular Republican Organization
4948 Dempster
Skokie, IL 60076

VOUCHER CHECK

AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 1"

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

416

October 29, 76

105.0

Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: 90 004 4"

7904016042 9

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

425

January 24, 77

100.0

Niles Township Regular Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: 90 004 4"

44240

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-1494
719

July 6 77

100.00

Niles Township Regular Republican Organization

VOUCHER CHECK
AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: "90 004 4"

7904016043O

449

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-
7

September 12, 77

100.0

Niles Township Regular Democratic Organization

VOUCHER CHECK
AUTHORIZED SIG

NOT NEGOTIABLE

:0719=1494: "90 004 4"

467

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

February 15, 78

100.00

Niles Township Regular
Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=14941: =90 004 4=

7904160431

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

March 13, 78

45.

Niles Township Regular Republican Organization

VOUCHER CHE

NOT NEGOTIABLE

:0719=14941: =90 004 4=

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

4875

August 21, 19 78 70-7

PAY _____ DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Democratic Organization

VOUCHER CHECK

AUG 21 1978

NOT NEGOTIABLE

:0719 1494: 5000 90 004 4

BY _____

7904016043 2

48685

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

August 18 19 78 70-149 719

PAY _____ DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719 1494: 5000 90 004 4

AUDITED OCT 19 1978

DELUXE - FORM WV-3 V-RP957

DATE	INVOICE NUMBER	DESCRIPTION			EXPENSE

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

February 26, 1979

Board of Directors
First National Bank of Skokie
8001 North Lincoln Avenue
Skokie, Illinois 60076

Gentlemen:

We are in receipt of your letter of January 3rd, 1979, responding to our inquiry concerning political contributions.

Based upon our review of your letter, we conclude that funds of the First National Bank of Skokie ("Bank") have been disbursed for purposes prohibited by the Federal Election Campaign Act of 1971, as amended (the "Act"), 2 U.S.C. §431, et seq. Despite the prohibited nature of these expenditures, you advise that you have elected not to seek and/or to reimburse the Bank for the amount of the disbursements. We can not accept this position.

Our concern in this matter is quite simple. The Bank has wrongfully been deprived of its assets through violations of law and unsafe and unsound actions of its officers and/or directors. The resulting loss from these actions shall not fall upon the Bank. Rather, owing to your fiduciary responsibility to the Bank, as well as your obligation to manage the affairs of the Bank in accordance with law, it is your responsibility to make the Bank whole.

7901050433

February 26, 1979

Board of Directors
First National Bank
Skokie, Illinois

We are not concerned about the source of reimbursement, whether it be from the recipients of the disbursements, the individuals at the Bank who authorized the payments, or from the individual members of the Board of Directors. This choice is within your discretion. However, consistent with your obligations as directors of a national bank, you must initiate the appropriate action to repair the damage to the Bank.

Please advise us of the action you will initiate.

Very truly yours,

John P. Sherry
Regional Counsel

cc: Comptroller - ATTN: Mr. Serino
Bank File
Exmr. File
Chron File
Political Contributions File

JMKane:kk 2/21/79

7904160434

Pre-MUR 435 Ccm 10618

RECEIVED
FEDERAL ELECTION
COMMISSION

'79 JUL 18 PM 2:55

Comptroller of the Currency
Administrator of National Banks

Washington, D.C. 20219

July 16, 1979

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

Dear Mr. Oldaker:

The Comptroller's Regional Office in Chicago recently learned that the First National Bank of Skokie, Skokie, Illinois, has made several contributions for the benefit of the Niles Township Regular Democratic and Regular Republican parties. Specifically, ten such contributions have been made since January 1,1976, in the total amount of $922; the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. The Chicago Office has noted that the Board of Directors is not planning to seek reimbursement for the bank of any of these expenses so as not to engender any ill will towards the bank. Incidentally, it is the Board's opinion that they did not regard these contributions as having been "in connection with any election." In any event, the Board has acted to prohibit any contributions to a regular political party.

In light of the Federal Election Commission's jurisdiction over potential violations of 2 U.S.C. 441b, we believe that this information should be referred to you for your independent investigation and review. If we can be of any further assistance or can provide any information, please contact the Enforcement and Compliance Division of the Office of the Comptroller of the Currency at 447-1983.

Sincerely,

Paul M. Homan

Paul M. Homan
Senior Deputy Comptroller for Bank Supervision

Attachments

7901160435

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

RECEIVED
ENFORCEMENT
JAN 15 1979
COMPTROLLER OF THE CURRENCY

MEMORANDUM

To: Robert B. Serino, Director
Enforcement & Compliance Division

From: John P. Sherry, Regional Counsel

Date: January 10, 1979

Subject: First National Bank of Skokie
Skokie, Illinois

I. Summary

Recently, we became aware that referenced bank had purchased at least one advertisement in a political ad book, in possible violation of the Federal Election Campaign Act of 1971, as amended (2 U.S.C. §431, et seq.). Upon further inquiry, the bank has acknowledged making the following contributions:

	Recipient	Date	Amount
1.	Niles Twp. Regular Democrats	5/24/76	$ 72.00
2.	" " " " Republicans	9/30/76	100.00
3.	" " " " Republicans	10/29/76	105.00
4.	" " " " Democrats	1/24/77	100.00
5.	" " " " Republicans	7/6/77	100.00
6.	" " " " Democrats	9/12/77	100.00
7.	" " " " Democrats	2/15/78	100.00
8.	" " " " Republicans	2/13/78	45.00
9.	" " " " Republicans	8/18/78	100.00
10.	" " " " Democrats	8/21/78	100.00

7904016043 6

II. Evidence

For your reference, we are enclosing a copy of our letter dated December 6, 1978, advising the bank of our review of a political ad book. Further, we enclose the response from the bank, acknowledging a total of ten (10) contributions since January 1, 1976, together with copies of the expense checks for each donation and a summarization of all of the expenditures. In reviewing the summarization sheet, we note that the funds were extended for the purchase of either tickets to politically sponsored events or advertisements in political ad books. We also note that the Board is not planning to reimburse the bank for these expenses.

III. Analysis

It appears these payments to the organizations listed above constitute "contributions" as defined in the Act. See 2 U.S.C. §431(e). Accordingly, the bank has possibly violated the provisions of Section 441b, prohibiting contributions by national banks to political candidates and organizations.

We refer these matters to your attention for the action you deem appropriate.

Enclosures

7904160437

Comptroller of the Currency
Administrator of National Banks

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

December 6, 1978

Mr. Erman G. Kramer
Chairman of the Board
First National Bank
8001 Lincoln Avenue
Skokie, Illinois 60076

Dear Mr. Kramer:

Recently, we reviewed a copy of an ad book, entitled "Niles Township Regular Democratic Organization, Annual Dinner Dance", dated November 19, 1977. In the ad book was an advertisement apparently authorized and purchased by the First National Bank of Skokie ("Bank"). We wish to discuss the advertisement in light of the Federal Election Campaign Act of 1971, as amended (hereinafter the "Act"), 2 U.S.C. §431, et seq.

You should be aware that the Act, 2 U.S.C. §441b(a), prohibits national banks from making any "contribution or expenditure" to any political candidate or organization. As stated in Section 441b:

> "... the term 'contribution or expenditure shall include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value ... to any candidate, campaign committee, or political party or organization, in connection with any election ...."

Accordingly, the issue raised by the Bank's purchase of an advertisement in this ad book is whether such action constitutes a contribution or expenditure in connection with an election. It is our opinion, an opinion shared by the Federal Election Commission, that such a purchase constitutes an expenditure prohibited by the Act.

7 2 0 4 0 1 6 0 4 3 8

December 6, 1978

Mr. Erman G. Kramer
First National Bank
Skokie, Illinois

Under the Act and Regulations promulgated by the Federal Election Commission pursuant to its authority under the Act (11 C.F.R. §100.1, et seq.), advertisements purchased in publications sponsored by a candidate or political committee are not excepted from the definition of "expenditure." Further, while one might question whether such expenditures are "in connection with the election to any political office", we point out that the prime purpose of a political committee is to influence the nomination or election of that party's candidates. All monies received by the committee, including those received from ad books, either directly or indirectly further that purpose. In addition, a national bank's purchase of dinner/dance or other tickets to politically sponsored events would likewise be prohibited by the Act.

In view of the foregoing, we request that the Bank refrain from any future expenditures for advertisements in ad books of political committees or candidates. Further, we ask you to initiate a review of the Bank's expenses for the years 1976, 1977 and 1978, and to advise us of any expenditures made to any political candidates or committees. Your report on these expenditures should include the following:

1. the names of the recipients of the expenditures;

2. the dates on which the expenditures were made;

3. the amount of each expenditure, including a copy of the appropriate expense check;

4. the purpose of such expenditures, e.g., advertisements in political ad books, dinner/dance tickets, etc.

7901150439

December 6, 1978

Mr. Erman G. Kramer
First National Bank
Skokie, Illinois

Page Three

Finally, we request advice as to whether the Bank has or will be reimbursed for these expenditures.

We await your report on this matter. Should you have any questions, please do not hesitate to contact this Office.

Very truly yours,

John P. Sherry

John P. Sherry
Regional Counsel

cc: Comptroller
Bank File
Political Contribution File
Chron File

7904160440

FIRST NATIONAL [redacted] 312/673-2500

[redacted]
and Chief Executive Officer

January 3, 1979

Mr. John P. Sherry
Regional Counsel
Comptroller of the Currency
Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606

Dear Mr. Sherry:

I refer to your letter of December 6, 1978 to my attention relative to ads appearing in the Regular Democratic Organization Annual Dinner Dance Ad Book.

I enclose a listing as requested for the years 1976, 1977 and 1978 of the recipients of our contributions to political parties. I believe the list speaks to the regularity of our contribution to our Niles Township Regular Democratic and Regular Republican parties. Copies of the checks are also enclosed as requested. Comment is requested as to the purpose, and you will note that these purposes are regular fall and spring dinners or golf outings that are held by these regular party organizations.

It has long been our practice to refrain from any contribution to any political campaign fund for a particular party or a particular candidate. We had been guided by this prior to 1971 and in the wordage of the Act of 1971 as you have noted, have not regarded these contributions as being to any campaign committee in connection with any election. Albeit, we believe that the funding of the normal annual budgets of the political parties to operate as political parties and maintain the two party system in this country has been the recipient of our support in these $100.00 and smaller contributions to their regular annual dinner dances and golf outings.

From the interpretation and the tone of your letter, our Board acted at its December meeting to prohibit any contributions to any regular political party.

7904016041

The Board also discussed the question you pose as to whether the bank has or will be reimbursed for these expenditures. It was the Board's feeling that it would be highly embarrassing and bad community relations to request these parties to reimburse for these expenditures.

Yours truly,

Erman G. Kramer

Erman G. Kramer
Chairman of the Board &
Chief Executive Officer

EGK:cz

Enclosures

7904016044 2

NON-DEDUCTIBLE EXPENDITURES TO POLITICAL PARTIES

Recipients of Expenditure	Date	Amount	Purpose
Niles Township Regular Democrats	5-24-76	$ 72.00	Golf Outing
Niles Township Regular Republicans	9-30-76	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	10-29-76	105.00	Dinner Dance
Niles Township Regular Democrats	1-24-77	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	7-6-77	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	9-12-77	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	2-15-78	100.00	Advertisement in Ad Book
Niles Township Regular Republicans	3-13-78	45.00	Advertisement in Ad Book
Niles Township Regular Republicans	8-18-78	100.00	Advertisement in Ad Book
Niles Township Regular Democrats	8-21-78	100.00	Advertisement in Ad Book
	TOTAL	$922.00	

7 7 0 4 9 0 1 6 0 4 4 3

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

40017

May 24, 76 70-1494/719

72.00

Niles Township Reg. Dem. Organization

VOUCHER CHECK
AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 4

7901160444

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

41255

September 30, 76 70-1494/719

100.00

The Niles Township Regular Republican Organization
4948 Dempster
Skokie, IL 60076

VOUCHER CHECK
AUTHORIZED SIGNATURE

NOT NEGOTIABLE

:0719=1494: 90 004 4

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

4161

October 20, 76

105.00

Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: 90 004 4n

7 9 0 4 9 1 6 0 4 4 5

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

4253

January 24, 77

100.00

Niles Township Regular Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: 90 004 4n

44240

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

70-1494
719

July 6 77

100.00

Niles Township Regular Republicam Organisation

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: "90 004 4"

7904201604446

FNBOS
FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

4491

September 12, 77

70-14
719

100.00

Niles Township Regular Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: "90 004 4"

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

4675

February 15, 78

100.00

Niles Township Regular
Democratic Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719=1494: "90 004 4"

7900160447

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60076

March 13, 78

45.0

Niles Township Regular Republican Organization

VOUCHER CHEC

NOT NEGOTIABLE

:0719=1494: "90 004 4"

4875

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

August 21, 19 78

70-1
719

PAY 100 DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Democratic Organization

VOUCHER CHECK

PAID
AUG 21 1978

NOT NEGOTIABLE

:0719:1494: 5888 90 004 4:

BY

7900160448

48685

FIRST NATIONAL BANK OF SKOKIE
SKOKIE, ILLINOIS 60077

70-1494
719

August 18 19 78

PAY 100 DOLLARS $ 100.00

TO THE ORDER OF Niles Township Regular Republican Organization

VOUCHER CHECK

NOT NEGOTIABLE

:0719:1494: 5000 90 004 4

AUDITED OCT 19 1978

DELUXE - FORM WV-3 V-RP957

DATE	INVOICE NUMBER	DESCRIPTION			EXPENSE

Comptroller of the Currency
Administrator of National Banks

RECEIVED
ENFORCEMENT
MAR 1 19
DIVISION
COMPTROLLER OF

Seventh National Bank Region
Sears Tower, Suite 5750
233 South Wacker Drive
Chicago, Illinois 60606
312-353-0300

February 26, 1979

Board of Directors
First National Bank of Skokie
8001 North Lincoln Avenue
Skokie, Illinois 60076

Gentlemen:

We are in receipt of your letter of January 3, 1979, responding to our inquiry concerning political contributions.

Based upon our review of your letter, we conclude that funds of the First National Bank of Skokie ("Bank") have been disbursed for purposes prohibited by the Federal Election Campaign Act of 1971, as amended (the "Act"), 2 U.S.C. §431, et seq. Despite the prohibited nature of these expenditures, you advise that you have elected not to seek and/or to reimburse the Bank for the amount of the disbursements. We can not accept this position.

Our concern in this matter is quite simple. The Bank has wrongfully been deprived of its assets through violations of law and unsafe and unsound actions of its officers and/or directors. The resulting loss from these actions shall not fall upon the Bank. Rather, owing to your fiduciary responsibility to the Bank, as well as your obligation to manage the affairs of the Bank in accordance with law, it is your responsibility to make the Bank whole.

7904015049

February 26, 1979

Board of Directors
First National Bank
Skokie, Illinois

Page Two

We are not concerned about the source of reimbursement, whether it be from the recipients of the disbursements, the individuals at the Bank who authorized the payments, or from the individual members of the Board of Directors. This choice is within your discretion. However, consistent with your obligations as directors of a national bank, you must initiate the appropriate action to repair the damage to the Bank.

Please advise us of the action you will initiate.

Very truly yours,

John P. Sherry
Regional Counsel

cc: Comptroller - ATTN: Mr. Serino
Bank File
Exmr. File
Chron File
Political Contributions File

JMKane:kk 2/21/79

7904160450

7901150451

FEDERAL ELECTION COMMISSION
1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1013

Date Filmed 10/5/79 Camera No. --- 2

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