



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2701

DATE FILMED 12/22/88 CAMERA NO. 4

CAMERAMAN AS

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80 SEP 26 PM 12:07

FEDERAL ELECTION COMMISSION

80 SEP 26 AM 11:42

OGC
473
- Mm 2701

405 E. Main Street
Montezuma, Iowa 50171
September 20, 1988

General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Gentlepersons:

Enclosed you will find the original and three copies of a Complaint filed against the Iowa Democratic Party and DukakisBentsen Committee, Inc., pursuant to 2 U.S.C. §437g(a)(1) and 11 CFR §111.4.

Please return one file-stamped copy of the Complaint to the undersigned.

Very truly yours,


Michael W. Mahaffey

MWM:sp

enclosures

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BEFORE THE FEDERAL ELECTION COMMISSION
Washington, D.C.

UPON THE COMPLAINT OF

MICHAEL W. MAHAFFEY,

Complainant,

AND CONCERNING

IOWA DEMOCRATIC PARTY,
BONNIE CAMPBELL, Chair, and
DUKAKIS-BENTSEN COMMITTEE, INC.:

Respondents.

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CASE NO.

MW 2701

COMPLAINT

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COMES NOW, Michael W. Mahaffey and pursuant to 2 U.S.C. §437g(a)(1) submits the following Complaint alleging a violation of statutes and regulations over which the Commission has jurisdiction.

1. The complainant is Michael W. Mahaffey, and his address is 405 East Main Street, Montezuma, Iowa 50171.

2. The first respondent is the Iowa Democratic Party, whose address is 2116 Grand Avenue, Des Moines, Iowa 50312. The chair of this federally-registered committee is Bonnie Campbell.

3. The second respondent is Dukakis-Bentsen Committee, Inc., whose address is 105 Chauncy Street, Boston, Massachusetts 02111.

4. On September 16, 1988, the Iowa Democratic Party placed and paid for a full-page advertisement in The Des Moines Register, an original copy of which is attached hereto as Exhibit "A".

5. The advertisement, which attacks and questions the qualifications of the Republican candidate for Vice President, Dan Quayle, constitutes an "expenditure" as defined in 11 C.F.R. §100.8(a)(1) in that it was made for the purpose of influencing an election for federal office.

6. The expenditure by the Iowa Democratic Party for newspaper advertising is not permitted under the Federal Election Campaign Act, as amended, as an exception for state or local political parties as contained in 11 C.F.R. §100.8(b)(16), which permits the payment by a state or local committee of a political party of the cost of certain campaign materials used by the committee in connection with volunteer activities on behalf of any nominees for federal office of such party. Newspaper advertising, as provided in 11 C.F.R. §100.8(h)(16)(i) is not a qualified volunteer activity.

7. The placement of the newspaper advertisement is in violation of 26 U.S.C. §9003(b) which provides that in order to be eligible to receive from the Treasury of the United States moneys from the Presidential Election Campaign Fund, the candidates of a political party must certify to the Commission, under penalty of perjury, that "no contributions to defray qualified campaign expenses have been or will be accepted by such candidates or any of their authorized committees". There is no showing, as required, that the advertisement was authorized and paid for by the Dukakis-Bentsen Committee, Inc.


8. The expenditure by the Iowa Democratic Party constitutes an illegal in-kind contribution to the Dukakis-Bentsen Committee, Inc.

9. According to press accounts of the Associated Press the newspaper advertisement cost in excess of \$4,000.

10. 2 U.S.C. §437g(d) provides that any person who knowingly and willfully commits a violation of any provision of the Federal Election Campaign Act, as amended, which involves the making, receiving, or reporting of any contribution or expenditure aggregating \$2,000 or more during a calendar year shall be fined, or imprisoned for not more than one year, or both. The amount of the fine shall not exceed the greater of \$25,000 or three hundred percent of any contribution or expenditure involved in the violation.

11. 26 U.S.C. §9012(a) provides that it is unlawful for an eligible candidate of a political party for President and Vice President or any of his authorized committees knowingly and willfully to incur qualified campaign expenses in excess of the aggregate payments to which the eligible candidate of the party are entitled from the Presidential Election Campaign Fund; and that any person who violates said provision shall be fined not more than \$5,000, or imprisoned not more than one year, or both.

WHEREFORE, your complainant requests that the Commission act upon this complaint pursuant to 2 U.S.C. §437g in an expeditious fashion.

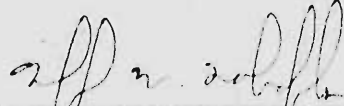


Michael W. Mahaffey, Complainant
405 East Main Street
Montezuma, Iowa 50171
515-623-5425

Ralph R. Brown
Counsel for Complainant
P.O. Box 250
Dallas Center, Iowa 50063
515-992-3728

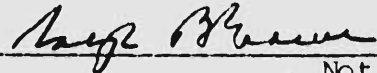
STATE OF IOWA :
: ss.
COUNTY OF POLK :

I, Michael W. Mahaffey, now being first duly sworn do depose and state that I am the complainant in the foregoing Complaint and that the statements made herein are true and correct and are made under penalty of perjury and subject to the provisions of 18 U.S.C. §1001.



Michael W. Mahaffey, Complainant

Subscribed and sworn to before me by Michael W. Mahaffey this
20 day of September, 1988.


_____, Notary Public
in and for the State of Iowa

80049071432

J. DANFORTH QUAYLE III, IS HE QUALIFIED?

Defense Spending

Senator Charles Grassley, "He and I had violent disagreements on defense matters. He just felt my defense ideas, what I wanted to do on the budget, what I want to do on competitive bidding, he disagrees with those 180 degrees."
Des Moines Register, August 17, 1988.

Leadership

Congressman Tom Tauke, "I have no comment. Yes, I served with him and I have no reaction. I don't think he will have any impact on the way Iowa votes. It is a neutral subject. Quayle was youthful, relatively attentive, and vigorous."
Des Moines Register, August 17, 1988.

Agriculture

...At a press conference at the Missouri State Fair last week, he was asked to explain target prices — the goal the government sets on the price of commodities such as corn — and deficiency payments, the money paid to farmers to cover the difference between the goal and the market price of crops grown on allotted acreage.

Senator Quayle's response

"Target prices? How that works? I know quite a bit about farm policy. I come from Indiana, which is a farm state."

"Deficiency payments — which are the key — that is what gets money into the farmer's hands."

"We got loan, uh, rates, we got target, uh, prices, uh."

"I have worked very closely with my senior colleague, Dick Lugar, making sure that the farmers of Indiana are taken care of and, uh, we have spent a great deal of time on farm issues."

Quayle co-sponsored and voted for drought aid this year but in 1986 and 1987 voted to limit it by including it in the Gramm-Rudman budget restrictions.

A reporter asked him about those votes.

"Drought relief?" he replied. "I voted for this drought-relief package this year, and that was the key."

But what about 1986 and 1987?

"I voted for it with George Bush to get this package this year," Quayle said.

At that point, his press secretary ended the press conference — it had lasted 2 minutes, 30 seconds — and the candidate went off to speak to a state-fair audience.

Des Moines Register Editorial, August 31, 1988.

QUAYLE CONGRESSIONAL RECORD WELL OUT OF THE POLITICAL MAINSTREAM

OLDER IOWANS

- Votes to cut \$40 billion in Social Security benefits - April, 1982
- Votes to freeze all cost of living adjustments - May, 1985
- Votes against restoring Medicare and Medicaid funds - May, 1985

AGRICULTURE

- Votes to cut Farm Bill target prices - October, 1985
- Votes against drought aid for farmers - July, 1988
- Votes to reduce soybean loan rates - November, 1985
- Votes against emergency farm credit assistance - February, 1985

WORKING FAMILIES

- Votes against the bipartisan plant closing bill - July, 1988
- Votes against minimum wage increase - June, 1988
- Votes to cut hospital cost containment bill - November, 1979

EDUCATION

- Votes against fund restoration for Head Start, student loans, handicapped education programs - May, 1985
- Votes to cut school lunch programs - May, 1985
- Votes against grants for educationally disadvantaged students - June, 1983

VETERANS

- Votes against restoring funds for veterans' medical services - March, 1981
- Votes against veterans' cost of living adjustments - April, 1981
- Votes against establishing cabinet level Department of Veterans Affairs - July, 1988
- Votes against Vietnam Veteran community-based counseling centers - October, 1987

George Bush had five months to make his first presidential decision. He exercised extremely poor judgment by selecting a person so far out of the political mainstream and so inexperienced on important issues to be a headliner away from the presidency.

— Congressman Neal Smith

REGISTER AND VOTE FOR THE WINNING TEAM THE DEMOCRATIC TICKET

EXHIBIT "A"
Reduced from
original size of
22" by 12 1/2"

CLIP AND SEND:

If you would like to contribute or volunteer to help Democratic candidates in Iowa, please complete and mail:

Name: _____
Address: _____
City, Zip: _____
Phone: _____

Mail to: Iowa Democratic Party,
2118 Grand, Des Moines, Iowa, 50312

Paid for and authorized by the Iowa Democratic Party, Bonnie Campbell, Chair.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Mr. Michael S. Metakelly
405 E. Main Street
Montesano, IL 60171

RE: MUR 2701


Dear Mr. Metakelly:

This letter acknowledges receipt on September 16, 1988, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended, the "Act", by the Dinkels/Garman Committee, Inc. and Robert A. Garman, as treasurer, and the Iowa Democratic Party and Charles A. Hansen, as treasurer. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be given to in the same manner as the original complaint. We have numbered this matter MUR 2701. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints. If you have any questions, please contact Betha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

By: 
Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

89040774331



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Charles A. Hanson, Treasurer
Iowa Democratic Party
2116 Grand Avenue
Des Moines, IA 50312

RE: MUR 2701
Iowa Democratic Party
and Charles A. Hanson,
as treasurer

Dear Mr. Hanson:

The Federal Election Commission received a complaint which alleges that the Iowa Democratic Party and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2701. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and the Iowa Democratic Party in this matter. 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. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

89040774332

If you have any questions, please contact Frania Monarski, the staff member assigned to this matter, at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

8904077433



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

David D. Darr, Esquire
Dukakis/Bentsen Committee, Inc.
105 Chauncy Street
Boston, MA 02111

RE: MLR 2701
Dukakis/Bentsen Committee,
Inc.

Dear Mr. Darr:

The Federal Election Commission received a complaint which alleges that your clients, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MLR 2701. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Dukakis/Bentsen Committee, Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public.

890407432

If you have any questions, please contact Franla Monarski, the staff member assigned to this matter, at (202) 576-9690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 3, 1988

Daniel A. Taylor, Esquire
1111 E. Barlow
One International Place
Boston, MA 02110

RE: MUR 2701
Dukakis/Bentsen Committee,
Inc.

Dear Mr. Taylor:

The Federal Election Commission received a complaint which alleges that your clients, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2701. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Dukakis/Bentsen Committee, Inc. in this matter. 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. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Frania Monarski, the staff member assigned to this matter, at (202) 376-8690. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noole
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

89040714337



Dukakis Bentsen

National Office: 105 Chauncy Street
Boston, MA 02111 (617) 451-2480

October 13, 1988

Federal Election Commission
Washington, D.C. 20463

Dear Sir:

Enclosed please find a designation of counsel by the
Dukakis/Bentsen Committee, Inc. for MUR No. 2701

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88 OCT 19 AM 10:56

RECEIVED
FEB 11 1989

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2701

NAME OF COUNSEL: Scott Blake Harris

Jon Sallett
Miller, Cassidy,
Larocca & Lewin

ADDRESS: Williams & Connolly

839 17th Street, N.W.

2555 M Street, N.W.
Washington, D.C. 20037

Washington, D.C. 20006

TELEPHONE: (202) 331-5000

(202) 293-6400

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the commission and to act on my behalf before the Commission, with respect to MUR 2701

10/12/88
Date


Signature

Robert Farmer, Treasurer

RESPONDENT'S NAME: Dukakis/Bentsen Committee, Inc.

ADDRESS: 105 Chauncy Street

Boston, MA 02111

HOME PHONE: (617) 232-5990

BUSINESS PHONE: (617) 451-2480

890407/4335

October 21, 1988

83 OCT 21 PM 4:20

Lawrence M. Noble
General Counsel
Federal Elections Commission
Washington D.C. 20463

Re: MUR 2701

Dear Mr. Noble:

By this letter, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, through their undersigned counsel, respond to the complaint filed by Michael W. Mahaffey.

The complainant alleges that the Iowa Democratic Party placed a newspaper advertisement that violates the Federal Election Campaign Act. The complaint conspicuously fails to allege that the Dukakis/Bentsen campaign played any role in the placement of the advertisement or even had notice that it would be run.

For two reasons, the Commission should conclude that there is no reason to believe that the Dukakis/Bentsen campaign violated any federal election law in connection with the placement of this advertisement. First, and as noted above, the complaint does not accuse the Dukakis/Bentsen campaign of engaging in any activities in connection with the advertisement. There is, therefore, no basis on which any liability can accrue to this campaign.

Second, the complainant entirely overlooks the ability of the Democratic National Committee to engage in advertising efforts pursuant to Section 315(d) of the Federal Election Campaign Act, 2 U.S.C. § 441a(d). That provision quite clearly relates to "a State committee of a political party," and there is no allegation that it has been violated. We understand that the Iowa Democratic Party has submitted information to the Commission demonstrating that the cost of the advertisement was properly paid under this provision. We also submit, however, a copy of the certificate issued by the Democratic National Committee permitting this activity.

Lawrence M. Noble
October 21, 1988
Page 2

For these reasons, the complaint should be promptly dismissed.

Respectfully submitted,

Scott Harris

SCOTT BLAKE HARRIS
910 - 17th Street, N.W.
10th Floor
Washington, D.C. 20006
(202) 331-5556

Jonathan B. Sallet/SBA

JONATHAN B. SALLET
2555 M Street, N.W.
Suite 500
Washington, D.C. 20037
(202) 293-6400

Enclosure

30040774341



Democratic National Committee

September 22, 1966

Honorable Bonnie Campbell
Chair
Iowa Democratic Party
2116 Grand Avenue
Des Moines, Iowa 50312

Dear Ms. Campbell: *mail*

This letter confirms the agreement between DNC Services Corporation/Democratic National Committee ("DNC") and the Iowa Democratic Party concerning expenditures pursuant to 2 U.S.C. §441(d), in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, as follows:

1. The DNC hereby designates the Iowa Democratic Party as agent for DNC for the exclusive purpose of making expenditures pursuant to 2 U.S.C. §441(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, up to an amount not to exceed six thousand dollars (\$6,000.00).

2. In exercising its authority pursuant to this Agreement, the Iowa Democratic Party will comply with the limitations and reporting and other requirements of the Federal Election Campaign Act of 1971, as amended ("the Act") and the regulations promulgated thereunder.

3. The Iowa Democratic Party will report to the DNC all such information as the DNC may request for the purpose of DNC's compliance with the requirements of the Act.

4. Notwithstanding the foregoing, the DNC may, by written notice to the Iowa Democratic Party, reassume portions of the authority delegated to the Iowa Democratic Party under this Agreement, to the extent that the Iowa Democratic Party shall not then have made or committed to make such expenditures itself.

89040774342

Please confirm your agreement with the foregoing by signing and returning two copies of this letter.

Sincerely yours,

DNC SERVICES CORPORATION

By: Paul G. Kirk, Jr.
Paul G. Kirk, Jr., Chairman

AGREED:

Iowa Democratic Party

By: Bonnie Campbell
Bonnie Campbell, Chair

8304071434

RECEIVED
FEDERAL ELECTION COMMISSION
89 FEB 23 PM 12:02

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE
EXECUTIVE SESSION
MAR 07 1989

MUR 2701
DATE COMPLAINT RECEIVED
BY OGC - 9/26/88
DATE OF NOTIFICATION TO
RESPONDENTS: 10/3/88
STAFF MEMBER: Frania
Monarski

COMPLAINANT: Michael W. Mahaffey

RESPONDENTS: Iowa Democratic Party and Charles A. Hanson,
as treasurer

Dukakis/Bentsen Committee, Inc. and Robert A.
Farmer, as treasurer

RELEVANT STATUTES: 2 U.S.C. § 441a(d)
2 U.S.C. § 441a(f)
2 U.S.C. § 441d(a)
26 U.S.C. § 9003(b)(2)

INTERNAL REPORTS CHECKED: Disclosure Indexes

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF THE MATTER

On September 26, 1988, Michael W. Mahaffey submitted a complaint to the Commission, alleging that the Iowa Democratic Party, Charles A. Hanson, as treasurer, and the Dukakis/Bentsen Committee, Inc., and Robert A. Farmer, as treasurer, violated the Federal Election Campaign Act of 1971, as amended (the "Act"). Mahaffey contends that the Iowa Democratic Party paid \$4,000 for a full page advertisement in the Des Moines Register on September 16, 1988 attacking the qualifications of Senator J. Danforth Quayle for Vice President. The advertisement questions Senator Quayle's position on various issues including defense spending, agriculture, and education. Mahaffey alleges that the

300407 / - 394

newspaper advertisement constitutes an illegal expenditure by the Iowa Democratic Party on behalf of the Dukakis/Bentsen campaign. 2 U.S.C. § 441a(f). Moreover, Mahaffey contends that the advertisement is also an illegal in-kind contribution to the Dukakis/Bentsen Committee, Inc. in violation of the Act. 26 U.S.C. § 9003(b)(2).

On October 21, 1988, counsel for the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, filed a response with the Commission denying the allegations in the complaint. The Committee also submitted a letter, dated September 22, 1988, from Paul Kirk, Chairman of the Democratic National Committee (the "DNC"), to Bonnie Campbell, Chairperson of the Iowa Democratic Party, designating the Iowa Democratic Party as agent for the DNC for the purpose of making up to \$6,000 in coordinated party expenditures on behalf of Dukakis/Bentsen.

At this time, although staff from this Office previously contacted the Iowa Democratic Party, the Iowa Democratic Party has not submitted a response to the complaint.

II. FACTUAL AND LEGAL ANALYSIS

The Act defines contributions and expenditures as anything of value including a gift, loan, or advance made by any person for the purpose of influencing a federal election. 2 U.S.C. § 431(8)(A) and 2 U.S.C. § 431(9)(A). Expenditures made by any person in cooperation, consultation, or concert with, or at the request or suggestion of a candidate or his authorized committee are considered in-kind contributions under the Act. 2 U.S.C.

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§ 441a(7)(B)(i). Multicandidate political committees may make up to \$5,000 in contributions to any candidate for federal office or his or her authorized political committee. 2 U.S.C. § 441a(a)(2)(A). The Act provides that notwithstanding any other provisions of law with respect to limitations on expenditures or contributions, a national committee may make certain limited "coordinated party" expenditures in connection with the general election campaign of any candidate for President who is affiliated with that party. 2 U.S.C. § 441a(d)(2).

The Act does not include a similar provision for a state party committee to make expenditures on behalf of a Presidential candidate. See 2 U.S.C. § 441a(d). Commission regulations indicate, however, that a national party committee may make such expenditures through a designated agent, including state and subordinate party committees. 11 C.F.R. § 110.7(a)(4). The national committee may spend up to two cents times the national voting age population on behalf of its Presidential candidate in the general election. 2 U.S.C. § 441a(d)(2). All coordinated party expenditures made by the national committee or its designated state party committees are subject to one spending limit. 11 C.F.R. § 110.7(a). Party committees, however, may not make independent expenditures in connection with the general election campaign of a Presidential candidate. 11 C.F.R. § 110.7(a)(5). The Act prohibits a committee from making any expenditure in excess of the limitations of Section 441a. 2 U.S.C. § 441a(f).

For the 1988 general election, the coordinated party expenditure limit for the DNC Services Corporation/Democratic National Committee (the "DNC") on behalf of the Dukakis/Bentsen campaign was \$8,291,454. The DNC has reported a total of \$7,563,043.85 in coordinated party expenditures on behalf of Democratic candidates through November 28, 1988.

Under the Presidential Election Campaign Fund Act (the "Fund Act"), a Presidential candidate may elect to receive public financing of his general election campaign. See generally 2 U.S.C. § 9001 et. seq., 11 C.F.R. § 9001.1 et. seq. In order to be eligible to receive public funds, the candidate must limit his spending to the amount of the federal grant and may not accept private contributions to defray qualified campaign expenses. 2 U.S.C. § 9003(b).

The Act requires that whenever any person, which includes a party committee (see 2 U.S.C. § 431(11)), makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any broadcasting station, newspaper or any other type of general public political advertising, such communication, if paid for by other persons, but authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state that the communication is paid for by such other persons and authorized by such authorized political committee. 2 U.S.C. § 441d(a)(2). If the communication is not authorized by a candidate, an authorized political committee of the candidate or its agents, it shall clearly state the name of the person who

paid for the communication and state that the communication is not authorized by any candidate or candidate's committee.

2 U.S.C. § 441d(a)(3).

In the instant matter, the Iowa Democratic party placed a full page advertisement in the Des Moines Register on September 16, 1988 which questioned the qualifications of Senator Dan Quayle to be Vice President. The advertisement cost in excess of \$4,000 and indicated that it was paid for and authorized by the Iowa Democratic Party, Bonnie Campbell, Chair. The Dukakis/Bentsen Committee, through counsel, submitted a letter, dated September 22, 1988, from Paul Kirk, Chairman of the DNC, to Bonnie Campbell, Chairperson of the Iowa Democratic Party, designating the Iowa Democratic Party as agent for the DNC for purposes of making up to \$6,000 in coordinated party expenditures on behalf of the Dukakis/Bentsen general election campaign.

In its 1988 October Quarterly Report, the Iowa Democratic Party reported a \$4,310.71 disbursement to Kragie Newell Advertising on September 15, 1988 for a newspaper advertisement. The advertisement in question appeared in the Des Moines Register the following day. The DNC letter authorizing the Iowa Democratic Party to make this expenditure was dated September 22, 1988, seven days after the expenditure. Commission policy requires such designations to be made before the expenditure. It appears, therefore, that the Iowa Democratic Party's expenditure for this advertisement was unauthorized at the time the expenditure was made. Accordingly, it appears that the

expenditure is in violation of 2 U.S.C. § 441a(f).

Moreover, although the newspaper advertisement showed that it was paid for by the Iowa Democratic Party, it did not indicate whether or not it was authorized by the candidates or the candidates' committee. Therefore, the Iowa Democratic Party violated 2 U.S.C. § 441d(a) by not including the appropriate disclaimer on its coordinated party expenditure.

Based on the above facts, it does not appear that the Dukakis/Bentsen Committee, Inc. accepted a contribution from the Iowa Democratic Party.

Based on the foregoing analysis, this Office recommends that the Commission find reason to believe that the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a). This Office further recommends that the Commission find no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2).

III. RECOMMENDATIONS

1. Find reason to believe that the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a).

2. Find no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2).

3. Approve the attached letters (2) and Factual and Legal Analysis.

2-22-89
Date

Lawrence M. Noble (L.M.N.)
Lawrence M. Noble
General Counsel

Attachments

1. Response
2. Disclosure Reports
3. Proposed Letters (2) and
Factual and Legal Analyses (1)

890407 / 0350

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Iowa Democratic Party and)
Charles A. Hanson, as)
treasurer) MUR 2701
Dukakis/Bentsen Committee, Inc.)
and Robert A. Farmer, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of March 9, 1989, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2701:

1. Find reason to believe that the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a).
2. Find no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2).

(continued)

030907 / 351

Federal Election Commission
Certification for MUR 2701
March 9, 1989

Page 2

3. Approve the letters (2) and Factual and Legal Analysis attached to the General Counsel's report dated February 22, 1989.

Commissioners Aikens, Josefiak, McDonald, McGarry,
and Thomas voted affirmatively for the decision;

Commissioner Elliott dissented.

Attest:

3-10-89

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

800407 / 4552



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20461

March 16, 1989

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Charles A. Hanson, Treasurer
Iowa Democratic Party
2116 Grand Avenue
Des Moines, IA 50312

RE: MUR 2701
Iowa Democratic Party and
Charles A. Hanson, as
treasurer

Dear Mr. Hanson:

On October 3, 1989, the Federal Election Commission notified the Iowa Democratic Party ("Committee") and you, as treasurer, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to you at that time.

Upon further review of the allegations contained in the complaint, the Commission, on March 9, 1989, found that there is reason to believe the Committee and you, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

Charles A. Hanson
Page 2

In the absence of any additional information demonstrating that no further action should be taken against the Committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

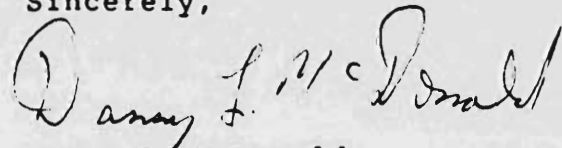
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,


Danny L. McDonald
Chairman

Enclosures
Designation of Counsel Form
Factual & Legal Analysis

890407/4332



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 16, 1989

Scott Blake Harris
Williams & Connolly
839 17th Street, N.W.
Washington, D.C. 20006

RE: MUR 2701
Dukakis/Bentsen Committee,
Inc. and Robert A. Farmer,
as treasurer

Dear Mr. Harris:

On October 3, 1988, the Federal Election Commission notified your clients, the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, of a complaint alleging violations of certain sections of Chapters 95 and 96 of Title 26, United States Code.

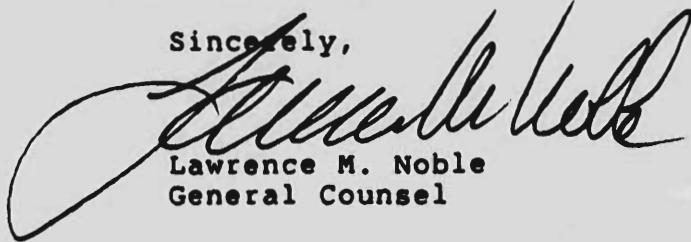
On March 9, 1989, the Commission found, on the basis of the information in the complaint, and information provided by your clients, that there is no reason to believe the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2). Accordingly, the Commission closed its file in this matter as it pertains to the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer.

This matter will become a part of the public record within 30 days after the file has been closed with respect to all respondents. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

Scott Blake Harris
Page 2

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble
General Counsel

cc: Jonathan B. Sallett

3 2 0 4 0 7 1 4 3 5 6



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20461

April 19, 1989

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Charles A. Hanson, Treasurer
Iowa Democratic Party
2116 Grand Avenue
Des Moines, IA 50312

RE: MUR 2701
Iowa Democratic Party and
Charles A. Hanson, as
treasurer

Dear Mr. Hanson:

On March 16, 1989, you were notified that the Federal Election Commission, on March 9, 1989, found reason to believe that the Iowa Democratic Party and you, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Act. Under the Act, you have the opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer.

To date, you have not responded to the Commission's findings. Unless we receive a response from you within ten days, this Office will move to the next stage in the enforcement process.

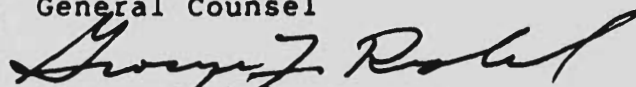
8 9 0 4 0 7 / 4 3 5 7

Charles A. Hanson
Page 2

Should you have any questions, please contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel



By: George Rishel
Acting Associate General Counsel

cc: Bonnie Campbell, Chairperson

8 2 0 4 0 7 1 - 3 5 2

89 JUL -7 PM 4:01

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
Iowa Democratic Party and) MUR 2701
Charles A. Hanson, as treasurer)

GENERAL COUNSEL'S REPORT

On March 9, 1989, the Commission found reason to believe that the Iowa Democratic Party (the "Committee") and Charles A. Hanson, as treasurer, violated 2 U.S.C. § 441a(f) by making an expenditure in connection with the 1988 Presidential election for which it had no statutory authority and no timely authority from the Democratic National Committee and 2 U.S.C. § 441d(a) by not including the appropriated disclaimer on its newspaper advertisement. On March 16, 1989, this Office notified the Committee and its treasurer of the Commission's findings. On April 19, 1989, this Office sent a reminder letter to the Committee via certified mail. On May 4, 1989, this Office received a copy of the return receipt, however, the Committee has still failed to submit a response to the Commission. This Office has also made several unsuccessful telephone calls to Bonnie Campbell, the Chairperson of the Iowa Democratic Party. Because the Iowa Democratic Party and Charles A. Hanson, as treasurer, failed to respond to the Commission's notification of a complaint

89 JUL 4 07 43 59

filed against them or to the Commission's findings against them,
this Office is proceeding to the next stage in the enforcement
process.

Date

7/1/81


Lawrence M. Noble
General Counsel

8704071-360

NEIMAN, NEIMAN, STONE & SPELLMAN, P.C.

ATTORNEYS AT LAW

1119 HIGH STREET

DES MOINES, IOWA 50308-2674

515-282-9247

TELEFAX 515-282-4846

JOHN H. STONE
JAMES L. SPELLMAN
DONALD F. NEIMAN
CURTIS G. MCCORMICK
ROBERT J. BAUDINO, JR.

GERALD W. CRAWFORD
DAVID A. CARTER
BERTRAND E. GIONET
KELLY D. HAMBORG
CAROL A. WENDL

AUGUST B. LANDIS

JOHN H. NEIMAN
OF COUNSEL

DON E. NEIMAN
1890 - 1971

July 31, 1989

Ms. Frania Monarski
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2701
Iowa Democratic Party

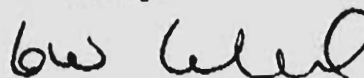
Dear Ms. Monarski:

Enclosed please find an executed "Statement of Designation of Counsel" signed by my client, the Iowa Democratic Party.

Please consider this letter our formal request for pre probable cause conciliation.

If we are able to provide additional information or material, please advise.

Sincerely,



Gerald W. Crawford

GWC:dm
Enc.

P.S.: Thank you for your understanding during my recent absence from the office.

STATEMENT OF DESIGNATION OF COUNSELFEE
89 AUG -1 AM 10:04NUR 2701NAME OF COUNSEL: Gerald W. CrawfordADDRESS: 1119 High StreetDes Moines, Iowa 50309TELEPHONE: 515/282-9247

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

April 28, 1989
DateBonnie J. Campbell
SignatureRESPONDENT'S NAME: Bonnie J. Campbell, State ChairADDRESS: Iowa Democratic Party2116 Grand Ave.Des Moines, Iowa 50312

HOME PHONE: _____

BUSINESS PHONE: 515-244-7292

89 AUG -1 PM 3:25

FEDERAL ELECTION COMMISSION

NEIMAN, NEIMAN, STONE & SPELLMAN, P.C.

ATTORNEYS AT LAW

1119 HIGH STREET

DES MOINES, IOWA 50308-2674

515-282-9247

TELEFAX 515-282-8846

JOHN H. STONE
JAMES L. SPELLMAN
DONALD F. NEIMAN
CURTIS G. MCCORMICK
ROBERT J. BAUDINO, JR.
GERALD W. CRAWFORD
BRENT A. CASHATT

DAVID A. CARTER
BERTRAND E. GIONET
KELLY D. HAMBORG
CAROL A. WENDL
AUGUST B. LANDIS
JENNIFER A. TYLER

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

89 AUG 18 AM 8:41

JOHN H. NEIMAN
OF COUNSEL

DON E. NEIMAN
1890-1971

August 14, 1989

Ms. Frania Monarski
Federal Election Commission
Washington, D.C. 20463

RE: Iowa Democratic Party
MUR 2701

Dear Ms. Monarski:

After our conversation earlier today, I reviewed the "Facutal and Legal Analysis" previously forwarded to my client, The Iowa Democratic Party.

While I am sure that some lawyers more creative than I might be able to create a technical defense, I believe it would be a waste of everyone's time. Simply put, the facts are precisely as you allege.

I am enclosing a copy of the advertising agency billing and also a copy of the letter from Chairman Kirk. It appears, however, that you already have a copy of both.

In making your recommendation to the Commission, please keep in mind that The Iowa Democratic Party is still deeply in debt (\$140,000) as a result of the last election. Also, that there was no intent to deceive by anyone involved.

You have been most gracious to deal with and I hope we can achieve a satisfactory resolution in the near future.

Sincerely,

Gerald W. Crawford
Gerald W. Crawford

GWC/slw

cc: Bonnie Campbell
Elizabeth Buck

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG 18 PM 1:11



KRAGIE/NEWELL ADVERTISING, INC.
2411 Grand Avenue/Des Moines, Iowa 50312/288-7910

INVOICE

Date: September 30, 1988

Client:

Iowa Democratic Party
2116 Grand
Des Moines, IA 50312

Layout, design, typography, photo-mechanicals and
finished art of full page ad for newspaper: (\$658.55)

1 insertion, DSM Register: (\$4,310.71)

5 reproductions @ 100% of Anti Bush ad:

2 Velox prints @ 200% of Anti Bush ad:

Contribution

Pre-paid

72.35

54.00

Balance
PAID
10-27-88

Invoice Total 4437.06
Pre paid 4310.71
Bal. TOTAL DUE: \$ 126.35

PRINT CONFIRMATION

KRAGIE/NEWELL ADVERTISING, INC.

2411 Grand Avenue / Des Moines, Iowa 50312 / (515)288-7910

Publication: Des Moines Register

Date: 9-15-88

Agency Buyer: Jenee Peterson

Address: 715 Locust
Des Moines, IA 50309

Salesperson: Nancy Trafton
Phone: 284-8369

Promotion/Ad Headline:

J. Danforth Quayle III, is he
qualified?

Client: Democratic Party of Iowa

Insertion Size: 6 clm X 22½"
Insertion Date(s): 9-16-88

Special Section Request: Main News
Section requested

Insertion Rate: \$32.29 / clm inch Net ☐ Gross ☒

B&W: XXX Color: _____

Color Rate: NA Net ☐ Gross ☐

Mechanical Specifications

Image Size: 13" X 22½"

Artwork Deadline: 9-15-88

Bleed: _____ Non-Bleed: X

Mail Artwork to:

Line Screen:

Materials Preferred:

Additional Instructions:

Check has been provided with ad slick

By: Jenee Peterson
Accepted for Agency

Tear sheets required with
invoice for payment.

Billing Breakout: Net ☐ Gross ☒

Jan ()	Jul ()
Feb ()	Aug ()
Mar ()	Sep (1x) \$4310.71
Apr ()	Oct ()
May ()	Nov ()
Jun ()	Dec ()

Total Ads 1 full page insertion

Total Cost: \$4310.71 (Gross)

\$3664.10 (Net)



Democratic National Committee

September 22, 1988

3 9 0 4 0 7 1 9 3 6 8

Honorable Bonnie Campbell
Chair
Iowa Democratic Party
2116 Grand Avenue
Des Moines, Iowa 50312

Dear Ms. Campbell *B. Campbell*

This letter confirms the agreement between DNC Services Corporation/Democratic National Committee ("DNC") and the Iowa Democratic Party concerning expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, as follows:

1. The DNC hereby designates the Iowa Democratic Party as agent for DNC for the exclusive purpose of making expenditures pursuant to 2 U.S.C. §441a(d) in connection with the general election campaign of Michael S. Dukakis for President of the United States and Lloyd Bentsen for Vice President of the United States, up to an amount not to exceed six thousand dollars (\$6,000.00).

2. In exercising its authority pursuant to this Agreement, the Iowa Democratic Party will comply with the limitations and reporting and other requirements of the Federal Election Campaign Act of 1971, as amended ("the Act") and the regulations promulgated thereunder.

3. The Iowa Democratic Party will report to the DNC all such information as the DNC may request for the purpose of DNC's compliance with the requirements of the Act.

4. Notwithstanding the foregoing, the DNC may, by written notice to the Iowa Democratic Party, reassume portions of the authority delegated to the Iowa Democratic Party under this Agreement, to the extent that the Iowa Democratic Party shall not then have made or committed to make such expenditures itself.

Please confirm your agreement with the foregoing by signing and returning two copies of this letter.

Sincerely yours,

DNC SERVICES CORPORATION

By:

Paul G. Kirk, Jr.
Paul G. Kirk, Jr., Chairman

AGREED:

Iowa Democratic Party

By:

Bonnie Campbell, Chair

39040774367

89 AUG 31 AM 11:03

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Iowa Democratic Party and) MUR 2701
Charles A. Hanson, as treasurer)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 9, 1989, the Commission found reason to believe that the Iowa Democratic Party (the "Committee") and Charles A. Hanson, as treasurer, violated 2 U.S.C. § 441a(f) by making an expenditure in connection with the 1988 Presidential election for which it had no statutory authority and no timely authority from the Democratic National Committee (the "DNC") and 2 U.S.C. § 441d(a) by not including the appropriate disclaimer on its newspaper advertisement. On March 16, 1989, this Office notified the Committee and its treasurer of the Commission's findings. On April 19, 1989, this Office sent a reminder letter to the Committee via certified mail. On July 7, 1989, this Office circulated a report to the Commission indicating this Office was prepared to move onto the next stage in the enforcement process because the Committee failed to file a response.

On August 1, 1989, the Committee submitted a request for pre-probable cause conciliation along with a designation of counsel form. On August 18, 1989, the Committee filed additional information in response to the Commission's findings.

II. ANALYSIS

The Act defines contributions and expenditures as anything of value including a gift, loan, or advance made by any person for

890407 / 4363

the purpose of influencing a federal election. 2 U.S.C. § 431(8)(A) and 2 U.S.C. § 431(9)(A). Expenditures made by any person in cooperation, consultation, or concert with, or at the request or suggestion of a candidate or his authorized committee are considered in-kind contributions under the Act. 2 U.S.C. § 441a(7)(B)(i). Multicandidate political committees may make up to \$5,000 in contributions to any candidate for federal office or his or her authorized political committee. 2 U.S.C. § 441a(a)(2)(A). The Act provides that notwithstanding any other provisions of law with respect to limitations on expenditures or contributions, a national committee may make certain limited "coordinated party" expenditures in connection with the general election campaign of any candidate for President who is affiliated with that party. 2 U.S.C. § 441a(d)(2).

The Act does not include a similar provision for a state party committee to make expenditures on behalf of a Presidential candidate. See 2 U.S.C. § 441a(d). Commission Regulations indicate, however, that a national party committee may make such expenditures through a designated agent, including state and subordinate party committees. 11 C.F.R. § 110.7(a)(4). The national committee may spend up to two cents times the national voting age population on behalf of its Presidential candidate in the general election. 2 U.S.C. § 441a(d)(2). All coordinated party expenditures made by the national committee or its designated state party committees are subject to one spending limit. 11 C.F.R. § 110.7(a). Party committees, however, may not make independent expenditures in connection with the general

election campaign of a Presidential candidate. 11 C.F.R. § 110.7(a)(5). The Act prohibits a committee from making any expenditure in excess of the limitations of Section 441a. 2 U.S.C. § 441a(f).

For the 1988 general election, the coordinated party expenditure limit for the DNC Services Corporation/Democratic National Committee (the "DNC") on behalf of the Dukakis/Bentsen campaign was \$8,291,454. The DNC has reported a total of \$8,038,522.18 in coordinated party expenditures on behalf of Democratic candidates in its amended 1988 Year End Report.

The Act requires that whenever any person, which includes a party committee (see 2 U.S.C. § 431(11)), makes an expenditure for the purpose of financing communications expressly advocating the election or defeat of a clearly identified candidate through any broadcasting station, newspaper or any other type of general public political advertising, such communication, if paid for by other persons, but authorized by a candidate, an authorized political committee of a candidate, or its agents, shall clearly state that the communication is paid for by such other persons and authorized by such authorized political committee. 2 U.S.C. § 441d(a)(2). If the communication is not authorized by a candidate, an authorized political committee of the candidate or its agents, it shall clearly state the name of the person who paid for the communication and state that the communication is not authorized by any candidate or candidate's committee. 2 U.S.C. § 441d(a)(3).

In the instant matter, the Iowa Democratic party placed a

full page advertisement in the Des Moines Register on September 16, 1988 which questioned the qualifications of Dan Quayle to be Vice President. According to the Committee's response, the advertisement cost \$4,437.06. The advertisement indicated that it was paid for and authorized by the "Iowa Democratic Party, Bonnie Campbell, Chair." The Committee submitted a letter dated September 22, 1988, from Paul Kirk, Chairman of the DNC, to Bonnie Campbell, Chairperson of the Iowa Democratic Party, designating the Iowa Democratic Party as agent for the DNC for purposes of making up to \$6,000 in coordinated party expenditures on behalf of the Dukakis/Bentsen general election campaign.

In its 1988 October Quarterly Report, the Iowa Democratic Party reported a \$4,310.71 disbursement to Kragie Newell Advertising on September 15, 1988 for a newspaper advertisement and in its 1988 Post-General Report, it noted an additional \$126.35 disbursement to Kragie Newell Advertising on October 25, 1988. The advertisement in question appeared in the Des Moines Register on September 16, 1988. The DNC letter authorizing the Iowa Democratic Party to make this expenditure was dated September 22, 1988, seven days after the expenditure. Commission policy requires such designations to be made before the expenditure. It appears, therefore, that the Iowa Democratic Party's expenditure for this advertisement was unauthorized at the time the expenditure was made. Accordingly, the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. § 441a(f) by making an expenditure for which it had no

890407 / 4371

statutory authorization or no timely authorization from the Democratic National Committee. This Office notes, however, that the Democratic National Committee authorized the Iowa Democratic Party to make coordinated party expenditures as its agent only a few days after the disbursement.

Moreover, although the newspaper advertisement showed that it was paid for by the Iowa Democratic Party, it did not indicate whether or not it was authorized by the candidates or the candidates' committee. Therefore, the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. § 441d(a) by not including the appropriate disclaimer on its coordinated party expenditure.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

890407 / 37

IV. RECOMMENDATIONS

1. Enter into conciliation with the Iowa Democratic Party and Charles A. Hanson, as treasurer, prior to a finding of probable cause to believe.

2. Approve the attached proposed conciliation agreement and letter.

Date

8/30/89

BY:

Lawrence M. Noble
General Counsel

Attachments

1. Request for conciliation and Supplemental Response
2. Proposed Conciliation Agreement and letter

Staff assigned: Frania Monarski

8904071437



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20461

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES R. HARRIS *DBH*
COMMISSION SECRETARY

DATE: SEPTEMBER 5, 1989

SUBJECT: MUR 2701 - GENERAL COUNSEL'S REPORT
DATED AUGUST 30, 1989

The above-captioned document was circulated to the
Commission on Thursday, August 31, 1989 at 4:00 p.m..

Objection(s) have been received from the Commissioner(s)
as indicated by the name(s) checked below:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Josefiak	_____
Commissioner McDonald	_____ XXXX _____
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the meeting agenda
for Tuesday, September 19, 1989 at 10:00 a.m..

Please notify us who will represent your Division before the
Commission on this matter.

800407/374

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2701
Iowa Democratic Party and)
Charles A. Hanson, as)
treasurer)

CERTIFICATION

I, Hilda Arnold, recording secretary for the Federal Election Commission executive session of September 19, 1989, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2701:

1. Enter into conciliation with the Iowa Democratic Party and Charles A. Hanson, as treasurer, prior to a finding of probable cause to believe.
2. Approve the proposed conciliation agreement and letter attached to the General Counsel's Report dated August 30, 1989.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry and Thomas voted affirmatively for the decision.

Attest:

9/20/89
Date

Hilda Arnold
Hilda Arnold
Administrative Assistant
Office of the Secretariat



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 26, 1989

Gerald W. Crawford, Esq.
Neiman, Neiman, Stone & Spellman, P.C.
1119 High Street
Des Moines, IA 50308-2674

RE: MUR 2701
Iowa Democratic Party and
Charles A. Hanson, as
treasurer

Dear Mr. Crawford:

On March 9, 1989, the Federal Election Commission found reason to believe that the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a). At your request, on September 19, 1989, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

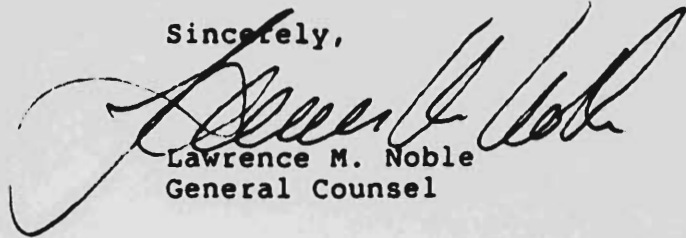
Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

300407 / 237

Gerald W. Crawford
Page 2

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

82040714371

NEIMAN, NEIMAN, STONE & SPELLMAN, P.C.

ATTORNEYS AT LAW

1119 HIGH STREET

DES MOINES, IOWA 50308-2674

515-282-9247

TELEFAX 515-282-8846

OGC 4606

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

89 NOV 20 AM 10:35

JOHN H. STONE
JAMES L. SPELLMAN
DONALD F. NEIMAN
CURTIS G. MCCORMICK
ROBERT J. BAUDINO, JR.
GERALD W. CRAWFORD
BRENT A. CASHATT

DAVID A. CARTER
BERTRAND E. GIONET
KELLY D. HAMBORG
CAROL A. WENDL
AUGUST B. LANDIS
JENNIFER A. TYLER

JOHN H. NEIMAN
OF COUNSEL

DON E. NEIMAN
1890 - 1971

November 15, 1989

Ms. Frania Monarski
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2701

Dear Ms. Monarski:

Enclosed please find the executed conciliation agreement.
You folks sure drive a hard bargain.

Please let me know how long we have to pay the fine. As I
indicated to you earlier, my client is deeply in debt and prompt
payment would be a hardship.

Sincerely,

Gerald W. Crawford

GWC/slw
enclosure
cc: Elizabeth Buck
Iowa Democratic Party

89 NOV 20 PM 11:50

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

Iowa Democratic Party and)
Charles A. Hanson, as)
treasurer)

MUR 2701

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Gerald W. Crawford, the attorney for the Iowa Democratic Party and Charles A. Hanson, as treasurer. A check for the civil penalty has not been received.

The attached agreement contains no changes from the agreement approved by the Commission on November 1, 1989. Accordingly, this Office recommends that the Commission accept the signed conciliation agreement submitted by the Iowa Democratic Party and Charles A. Hanson, as treasurer. This Office further recommends that the Commission close the file in this matter.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with the Iowa Democratic Party and Charles A. Hanson, as treasurer.

2. Close the file.

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3. Approve the attached letters.

11-28-89
Date

Lawrence M. Noble (7p2)
Lawrence M. Noble
General Counsel

Attachments

1. Conciliation Agreement
2. Letter to the Iowa Democratic Party
3. Letter to the Dukakis/Bentsen Committee, Inc.
4. Letter to Complainant

Staff Assigned: Frania Monarski

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Iowa Democratic Party and) MUR 2701
Charles A. Hanson, as)
treasurer)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 1, 1989, the Commission decided by a voted of 6-0 to take the following actions in MUR 2701:

1. Accept the conciliation agreement with the Iowa Democratic Party and Charles A. Hanson, as treasurer, as recommended in the General Counsel's Report dated November 28, 1989.
2. Close the file.
3. Approve the letters, as recommended in the General Counsel's Report dated November 28, 1989.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry and Thomas voted affirmatively for the decision.

Attest:

12/5/89
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Tues., Nov. 28, 1989 3:51 p.m.
Circulated to the Commission: Wed., Nov. 29, 1989 11:00 a.m.
Deadline for vote: Fri., Dec. 1, 1989 11:00 a.m.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 11, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Michael W. Mahaffey
405 E. Main Street
Montezuma, IA 50171

RE: MUR 2701

Dear Mr. Mahaffey:

This is in reference to the complaint you filed with the Federal Election Commission on September 26, 1988, concerning newspaper advertisements prepared by the Iowa Democratic Party in opposition to Dan Quayle, as Vice President.

The Commission found that there was reason to believe the Iowa Democratic Party and Charles A. Hanson, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Federal Election Campaign Act of 1971, as amended, and conducted an investigation in this matter. On December 1, 1989, a conciliation agreement signed by the Iowa Democratic Party was accepted by the Commission. The Commission also found no reason to believe that the Dukakis/Bentsen Committee, Inc. and Robert A. Farmer, as treasurer, violated 26 U.S.C. § 9003(b)(2), a provision of Chapter 95 of Title 26, U.S. Code. Accordingly, the Commission closed the file in this matter on December 1, 1989. A copy of this agreement is enclosed for your information.

If you have any questions, please contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 11, 1989

Scott Blake Harris
Williams & Connolly
839 17th Street, N.W.
Washington, D.C. 20006

RE: MUR 2701
Dukakis/Bentsen Committee,
Inc. and Robert A. Farmer,
as treasurer

Dear Mr. Harris:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel *ly AM*

cc: Jonathan B. Sallett

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

December 11, 1989

Gerald W. Crawford, Esq.
Neiman, Neiman, Stone & Spellman
1119 High Street
Des Moines, IA 50308-2674

RE: MUR 2701
Iowa Democratic Party and
Charles A. Hanson, as
treasurer

Dear Mr. Crawford:

On December 1, 1989, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. §§ 441a(f) and 441d(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Gerald W. Crawford, Esq.
Page 2

Enclosed you will find a copy of the fully executed conciliation agreement for your files. Pursuant to the agreement, your clients, the Iowa Democratic Party and Charles A. Hanson, as treasurer, must submit a check for amount of the civil penalty within 30 days. If you have any questions, please contact Frania Monarski, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel *by GJK*

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Iowa Democratic Party and) MUR 2701
Charles A. Hanson, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by a signed, sworn, and notarized complaint by Michael W. Mahaffey. The Federal Election Commission ("Commission") found reason to believe that the Iowa Democratic Party and Charles A. Hanson, as treasurer, ("Respondents") violated 2 U.S.C. §§ 441a(f) and 441d(a).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.

§ 437g(a)(4)(A)(i).

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

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. The Iowa Democratic Party is a political committee within the meaning of 2 U.S.C. § 431(4).

2. Charles A. Hanson is the treasurer of the Iowa Democratic Party.

3. Pursuant to 2 U.S.C. § 441a(d)(2), a national party

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committee may make certain limited coordinated party expenditures in connection with the general election campaign for any candidate for President who is affiliated with that party. The Act does not include a similar provision for state party committees to make expenditures on behalf of a Presidential candidate. Pursuant to 11 C.F.R. § 110.7(a)(4), a national party committee may make such expenditures through a designated agent, including state party committees.

4. The Act excludes payment of costs incurred with respect to printed slate cards and sample ballots, payment of campaign materials distributed by volunteers and payment of voter registration and get out the vote costs made by state party committees on behalf of their Presidential candidates from the definitions of contributions and expenditures. See 2 U.S.C. §§ 431(8)(B)(v) and 431(9)(B)(iv); 2 U.S.C. §§ 431(8)(B)(x) and 431(9)(B)(viii); and 2 U.S.C. §§ 431(8)(B)(xii) and 431(9)(B)(ix). Disbursements for newspaper advertising and other similar types of general political advertising, however, do not qualify for these exemptions.

5. Pursuant to 2 U.S.C. § 441a(f), no political committee shall knowingly make any expenditure in violation of 2 U.S.C. § 441a and no officer or employee of a political committee shall knowingly make an expenditure on behalf of a candidate in violation of any limitation imposed on contributions and expenditures under 2 U.S.C. § 441a.

6. Pursuant to 2 U.S.C. § 441d(a), when any person makes an expenditure for the purpose of financing communications

expressly advocating the election or defeat of a clearly identified candidate through any broadcasting station, newspaper or any other type of general public political advertising, such communication must clearly state who paid for the communication and whether or not it was authorized by the candidate or his or her authorized committee.

7. Respondents prepared and paid for a newspaper advertisement in opposition to the Republican candidates in the 1988 election. The cost of the advertisement was \$4,437.06. Respondents did not have statutory authorization or timely authorization from the Democratic National Committee to make expenditures on behalf of the Presidential and Vice Presidential candidates. Moreover, the newspaper advertisement did not indicate whether or not it was authorized by any candidate or authorized committee.

V. Respondents made an expenditure for a newspaper advertisement for which they had no statutory authorization or no timely authorization from the Democratic National Committee in violation of 2 U.S.C. § 441a(f). Respondents also failed to include the appropriate disclaimer on the newspaper advertisement in violation of 2 U.S.C. § 441d(a).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of five hundred dollars (\$500), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this

agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

BY: Lawrence M. Noble
Lawrence M. Noble
General Counsel

December 7, 1989
Date

FOR THE RESPONDENTS:

Arnold W Crawford
(Name)
(Position) Attorney for
respondents

11-15-89
Date



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2701

DATE FILMED 12/27/89 CAMERA NO. 4

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