



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MJR # 3030

DATE FILMED 11/20/91 CAMERA NO. 2

CAMERAMAN AS

91040880303

**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

A87-1

April 11, 1988

**MEMORANDUM**

**TO:** LAWRENCE M. NOBLE  
GENERAL COUNSEL

**FROM:** ROBERT J. COSTA *RJ*  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

**SUBJECT:** REFERRAL OF MATTERS NOTED IN AUDIT -  
MUNICIPAL BOND INVESTORS COMMITTEE

On April 8, 1988, the Commission approved the final audit report on the Municipal Bond Investors Committee. The report included the attached Exhibits as referrals to your office.

If you have any questions regarding these matters, please contact Ms. Valerie Conroy or Ray Lisi at 376-5320.

Attachment as stated

91040880304

Exhibit 1

Failure to File Statement of Organization

Section 433(a) of Title 2 of the United States Code states, in part, that all committees other than authorized campaign committees and separate segregated funds shall file a statement of organization within 10 days after becoming a political committee within the meaning of section 431(4).

A political committee is defined, in part, at 2 U.S.C. § 431(4) as any committee, club, association, or other group of persons which receives contributions aggregating in excess of \$1,000 during a calendar year or which makes expenditures aggregating in excess of \$1,000 during a calendar year.

The Committee's bank account was established with a \$6,500 deposit on February 19, 1986, however, the Committee did not file a statement of organization until March 9, 1987. During that period the Committee made contributions totalling \$8,600 to political committees of which \$3,000 was in excess of its contribution limitations.

The Committee treasurer stated that when the Committee was established he was not aware of the registration and reporting requirements and he felt that the cost of seeking legal advice was excessive.

In the interim audit report, the Audit staff recommended that within 30 days of receipt of the report the Committee provide any additional information concerning why the statement of organization was not filed timely. On January 27, 1988, the Committee Treasurer responded that he felt their filings with the State of Florida were sufficient, and that as soon as he was informed by the Commission of the filing requirements he complied with them.

Recommendation

It is the opinion of the Audit staff that the Committee's failure to file a statement of organization until more than a year after inception warrants that this matter be referred to the Office of General Counsel.

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Receipt of Corporate Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution in connection with any election to Federal office.

A review of the Committee's receipt records revealed that the Committee received 14 checks totalling \$84,391.00 from incorporated entities. (See Attachment 1)

Three checks totalling \$1,500.00 received from the Bondholders Protective Association, Inc. (the Association) were contained in the initial deposit establishing the Committee's checking account on February 19, 1986. According to the Committee's Treasurer, the Association was the predecessor of the Municipal Bond Investors Association.

Five checks totalling \$70,000 were received from National Washington Public Power Supply System Bondholders Committee, Inc. (WPPSS).\*/ The first check (\$5,000.00) comprised the remainder of the initial deposit of February 19, 1986. A \$25,000 check received on August 25, 1986, was to reimburse the Committee for administrative expenses it had paid on behalf of WPPSS, and a \$25,000 check received on December 23, 1986, was a loan made to the Committee from WPPSS. Committee officials did not provide an explanation regarding the remaining \$15,000 received from WPPSS.

Two checks totalling \$12,716.00 were received from Richard Lehmann & Associates, Inc., the Committee Treasurer's investment firm. The checks were issued to reimburse the Committee for expenditures made to 2 securities firms on behalf of the treasurer's firm.

The remaining four corporate contributions totalling \$175.00 were noted during the Audit staff's review of the Committee's contributor data base.

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\*/ WPPSS is an organization associated with the Bond Investors Association and was established to assist individuals holding defaulted bonds issued by the Washington Public Power Supply System.



In the interim audit report, the Audit staff recommended that within 30 days of receipt of the report the Committee provide evidence that the amounts noted above were not funded from corporate sources or refund the amounts and provide copies of the refund checks (front and back) to the Audit staff. If the Committee did not have funds to make the refunds, the Audit staff recommended that the amounts be reported as debts until funds are available.

On March 24, 1985, the Committee provided the Audit staff with copies of cancelled refund checks amounting to \$175.00. In the amended report filed by the Committee, the \$1500 received from the Bondholders Protective Association was reported as a debt. Of the funds received from WPPSS, \$25,000 was reported as "payment of administrative expenses", and \$45,000 was reported as a debt. The funds received from Richard Lehmann & Associates, Inc. were reported as both a receipt and disbursement described as "banking expedient."

Recommendation

The Audit staff recommends this matter be referred to the Office of General Counsel.

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**MUNICIPAL BOND INVESTORS COMMITTEE**  
**Schedule of Amounts Received from Incorporated Entities**

<u>Contributor</u>	<u>Deposit Date</u>	<u>Amount</u>	<u>Date of Incorporation</u>
Bondholders Protective Association, Inc.	2/19/86	\$ 500.00	10/5/84
	2/19/86	500.00	
	2/19/86	500.00	
National Washington Public Power Supply System Bondholders Committee, Inc.	2/19/86	5,000.00	10/18/84
	6/11/86	5,000.00	
	6/13/86	10,000.00	
	8/25/86	25,000.00	
	12/23/86	25,000.00	
Richard Lehmann & Associates, Inc.	9/02/86	7,618.00	5/07/84
	10/15/86	5,098.00	
Comfelt Sales Corp.	6/25/86	50.00	7/31/47
North Carolina Farm	5/20/86	50.00	12/04/62
Bank of Highland	4/30/86	50.00	9/23/69
Platte Valley Bank	6/25/86	25.00	7/16/1891
		<u>\$84,391.00</u>	

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FEDERAL ELECTION COMMISSION

999 E Street, N.W. 88 AUG 10 AM 9:41  
Washington, D.C. 20463

FIRST GENERAL COUNSEL'S REPORT

**SENSITIVE**

MUR # 2600

STAFF MEMBER: Phillip L. Wise

SOURCE OF MUR: I N T E R N A L L Y G E N E R A T E D

RESPONDENTS: Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
  
Bondholders Protective Association, Inc.  
  
National Washington Public Power Supply  
System Bondholders Committee, Inc.  
  
Richard Lehmann & Associates, Inc.  
  
Comfelt Sales Corporation  
  
North Carolina Farm Bureau  
  
Bank of Highland  
  
Platte Valley Bank

RELEVANT STATUTES: 2 U.S.C. § 433(a)  
2 U.S.C. § 441b(a)  
2 U.S.C. § 441a(a) (1) (A)  
2 U.S.C. § 434(a) (1)

INTERNAL REPORTS  
CHECKED: Disclosure Reports

FEDERAL AGENCIES  
CHECKED: None

I. GENERATION OF MATTER

The Municipal Bond Investors Committee was referred to the Office of the General Counsel by the Audit Division for failure to file a Statement of Organization, and for receipt of corporate contributions. (Attachment 1.)

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II. FACTUAL AND LEGAL ANALYSIS

A. Failure to File a Statement of Organization

The Municipal Bond Investors Committee ("MBIC") was established, as a separate segregated fund of Bond Investors Association, Inc., on February 19, 1986,<sup>1/</sup> however, its Statement of Organization was not filed until March 9, 1987. During that period of time the Committee contributed a total of \$8,600.00 to political committees to influence federal elections of which \$3,000 was in excess of its limitations.<sup>2/</sup>

Pursuant to 2 U.S.C. § 433(a) each separate segregated fund established under the provisions of section 441b(b) shall file a statement of organization no later than 10 days after establishment.

The committee's failure to file its Statement of Organization no later than 10 days after becoming established appears to be a violation of 2 U.S.C. § 433(a).

<sup>1/</sup> The Committee's (MBIC) bank account was established with a \$6,500.00 deposit on February 19, 1986. This initial deposit on February 19, 1986 was comprised of \$1,500 in contributions from the Bondholders Protective Association, Inc., and a \$5,000 contribution from National Washington Public Power Supply System Bondholders Committee, Inc. These contributions in the initial deposit established MBIC as a political committee according to 2 U.S.C. § 431(4)(B), which defines such a separate segregated fund as a political committee.

<sup>2/</sup> This excessive was not referred to the Office of the General Counsel. (For explanation see attachments 1(i) & 1(j).)

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**B. Corporate Contributions**

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations, or labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

The Committee's receipt records revealed that it received 14 checks totalling \$84,391.00 from incorporated entities. The acceptance of these funds by the committee appears to be a violation of 2 U.S.C. § 441b(a).

The corporations making contributions to the Committee are as follows: Bondholders Protective Association, Inc. (\$1,500.00); National Washington Public Power Supply System Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00). (Attachment 1(e)).

The contributions by the above corporations and banks appear to be a violation of 2 U.S.C. § 441b(a).

**C. Failure to File Reports**

Pursuant to 2 U.S.C. § 434(a)(1) each treasurer of a political committee shall file reports of receipts and disbursements. MBIC's failure to file its 1986 April, July, and October Quarterly Reports; and its 1986 Pre-Election, and Post-General Election Reports in a timely manner appears to be a violation of 2 U.S.C.

§ 434(a)(1).

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**III. RECOMMENDATIONS**

1. Find reason to believe that the Municipal Bond Investors Committee violated 2 U.S.C. §§ 433(a), 434(a)(1) and 441b(a).
2. Find reason to believe that Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., Richard Lehmann & Associates, Inc., Confelt Sales Corporation, North Carolina Farm Bureau, Bank of Highland, and Platte Valley Bank violated 2 U.S.C. § 441b(a).
3. Approve the attached letter and Factual and Legal Analyses.

Lawrence M. Noble  
General Counsel

Date

8/9/88

By:

Lois G. Lerner  
Associate General Counsel

**Attachments**

1. - Referral Materials
2. - Proposed Letters and Factual and Legal Analyses

91040880312

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )

MUR 2600

Bondholders Protective Association, Inc. )

National Washington Public Power Supply )  
System Bondholders Committee, Inc. )

Richard Lehmann & Associates, Inc. )

Comfelt Sales Corporation )

North Carolina Farm Bureau )

Bank of Highland )

Platte Valley Bank )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal  
Election Commission, do hereby certify that on August 12,  
1988, the Commission decided by a vote of 6-0 to take  
the following actions in MUR 2600:

1. Find reason to believe that the Municipal Bond  
Investors Committee violated 2 U.S.C. §§ 433(a),  
434(a)(1) and 441b(a).
2. Find reason to believe that Bondholders Protective  
Association, Inc., National Washington Public  
Power Supply System Bondholders Committee, Inc.,  
Richard Lehmann & Associates, Inc., Comfelt Sales  
Corporation, North Carolina Farm Bureau, Bank of  
Highland, and Platte Valley Bank violated 2 U.S.C.  
§ 441b(a).

(Continued)

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3. Approve the letter and Factual and Legal Analyses, as recommended in the First General Counsel's report signed August 9, 1988.

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

Attest:

August 15, 1988  
Date

Marjorie W. Emmons  
for Marjorie W. Emmons  
Secretary of the Commission

Received in the Office of Commission Secretary:	Wed.,	8-10-88,	9:41
Circulated on 48 hour tally basis:	Wed.,	8-10-88,	4:00
Deadline for vote:	Fri.,	8-12-88,	4:00

91040880314



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

August 17, 1988

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue  
Miami Lakes, FL 33014

RE: MUR 2600  
Municipal Bond Investors  
Committee  
(Bond Investors Associa-  
tion, Inc.)

Dear Mr. Lehmann:

On August 12, 1988, the Federal Election Commission found that there is reason to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("Committee") violated 2 U.S.C. §§ 433(a), 434(a)(1) and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Municipal Bond Investors Committee (Bond Investors Association, Inc.). 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Municipal Bond Investors Committee (Bond Investors Association, Inc.), 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

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Letter to C. Richard Lehmann, Treasurer  
Page 2

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.

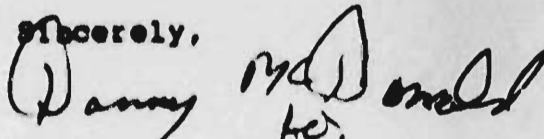
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas S. Josellak  
Chairman

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

91040880316



**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)

**MUR 2600**

The Municipal Bond Investors Committee was referred to the Office of the General Counsel by the Audit Division for failure to file a Statement of Organization, and for receipt of corporate contributions.

The Municipal Bond Investors Committee ("MBIC") was established, as a separate segregated fund of Bond Investors Association, Inc., on February 19, 1986,<sup>1/</sup> however, its Statement of Organization was not filed until March 9, 1987. During that period of time the Committee contributed a total of \$8,600.00 to political committees to influence federal elections.

Pursuant to 2 U.S.C. § 433(a) each separate segregated fund established under the provisions of section 441b(b) shall file a statement of organization no later than 10 days after establishment.

The Committee's failure to file its Statement of Organization no later than 10 days after becoming established appears to be a violation of 2 U.S.C. § 433(a).

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<sup>1/</sup> The Committee's (MBIC) bank account was established with a \$6,500.00 deposit on February 19, 1986. This initial deposit on February 19, 1986 was comprised of \$1,500 in contributions from the Bondholders Protective Association, Inc., and a \$5,000 contribution from National Washington Public Power Supply System Bondholders Committee, Inc. These contributions in the initial deposit established MBIC as a political committee according to 2 U.S.C. § 431(4)(B), which defines such a separate segregated fund as a political committee.

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Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

The Committee's receipt records revealed that it received 14 checks totalling \$84,391.00 from incorporated entities. The acceptance of these funds by the Committee appears to be a violation of 2 U.S.C. § 441b(a).

Pursuant to 2 U.S.C. § 434(a)(1) each treasurer of a political committee shall file reports of receipts and disbursements. MBIC's failure to file its 1986 April, July, and October Quarterly Reports; and its 1986 Pre-Election, and Post-General Election Reports in a timely manner appears to be a violation of 2 U.S.C. § 434(a)(1).

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**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

**August 17, 1988**

**Bondholders Protective Association, Inc.  
15327 NW 60th Avenue #240  
Miami Lakes, FL 33014**

**RE: MUR 2600  
Bondholders Protective Association, Inc.**

**Dear Sir/Madam:**

On August 12, 1988, the Federal Election Commission found that there is reason to believe Bondholders Protective Association, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Bondholders Protective Association, Inc. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Bondholders Protective Association, Inc., 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.

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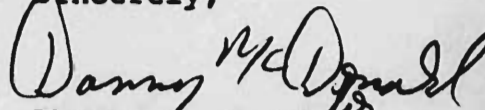
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefak  
Chairman

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

91040880320

**FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS**

**FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Bondholders Protective Association, Inc

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On February 19, 1986 the Bondholders Protective Association, Inc. made contributions totalling \$1,500.00 to the Municipal Bond Investors Committee. These contributions appear to be a violation of 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 17, 1988

National Washington Public Power Supply  
System Bondholders Committee, Inc.  
15327 NW 60th Ave. #240  
Miami Lakes, FL 33014

RE: MUR 2600  
National Washington Public Power Supply  
System Bondholders Committee, Inc.

Dear Sir/Madam:

On August 12, 1988, the Federal Election Commission found that there is reason to believe National Washington Public Power Supply System Bondholders Committee, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against National Washington Public Power Supply System Bondholders Committee, Inc. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against National Washington Public Power Supply System Bondholders Committee, Inc., 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.

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Letter to National Washington Public Power  
Supply System Bondholders Committee, Inc.  
Page 2

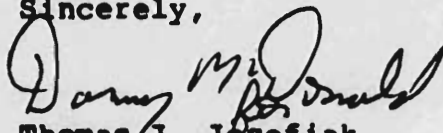
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefiah  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

9104080323

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**National Washington Public Power Supply System  
Bondholders Committee, Inc.**

nt to 2 U.S.C. § 441b(a) it is unlawful for any  
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o accept or receive any contribution prohibited by  
n.

February 1986 to December 1986 the National Washington  
r Supply System Bondholders Committee, Inc. made  
ns totalling \$70,000.00 to the Municipal Bond  
ommittee. These contributions appear to be a  
f 2 U.S.C. § 441b(a).



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20461

August 17, 1988

Richard Lehmann & Associates, Inc.  
15327 NW 60th Ave. #240  
Miami Lakes, FL 33014

RE: MUR 2600  
Richard Lehmann & Associates, Inc.

Dear Sir/Madam:

On August 12, 1988, the Federal Election Commission found that there is reason to believe Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Richard Lehmann & Associates, Inc. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Richard Lehmann & Associates, Inc. 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.

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** National Washington Public Power Supply System  
Bondholders Committee, Inc.

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

From February 1986 to December 1986 the National Washington Public Power Supply System Bondholders Committee, Inc. made contributions totalling \$70,000.00 to the Municipal Bond Investors Committee. These contributions appear to be a violation of 2 U.S.C. § 441b(a).

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Letter to Richard Lehmann & Associates, Inc.  
Page 2

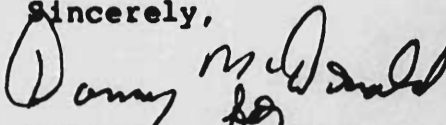
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Sincerely,

  
Thomas J. Josefiak  
Chairman

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

91040880326

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Richard Lehmann & Associates, Inc.

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

From September 1986 to October 1986 Richard Lehmann & Associates, Inc. made contributions totalling \$12,716.00 to the Municipal Bond Investors Committee. These contributions appear to be a violation of 2 U.S.C. § 441b(a).

91040880327



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

August 17, 1988

**Comfelt Sales Corporation  
211 Congress Street  
Boston, MA 02110**

**RE: MUR 2600  
Comfelt Sales Corporation**

**Dear Sir/Madam:**

On August 12, 1988, the Federal Election Commission found that there is reason to believe Comfelt Sales Corporation violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Comfelt Sales Corporation. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Comfelt Sales Corporation, 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.

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Letter to Comfelt Corporation  
Page 2

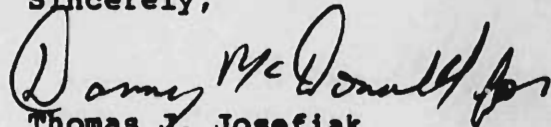
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefiak  
Chairman

**Enclosures**

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

91040880329

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:**      Comfelt Sales Corporation

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations, or labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On June 25, 1986 the Comfelt Sales Corporation made a \$50.00 contribution to the Municipal Bond Investors Committee. This contribution appears to be a violation of 2 U.S.C. § 441b(a).

91040880330





**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20461

**August 17, 1988**

**North Carolina Farm Bureau  
P.O. Box 27427  
Raleigh, NC 27611**

**RE: MUR 2600  
North Carolina Farm Bureau**

**Dear Sir/Madam:**

On August 12, 1988, the Federal Election Commission found that there is reason to believe North Carolina Farm Bureau violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against North Carolina Farm Bureau. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against North Carolina Farm Bureau, 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.

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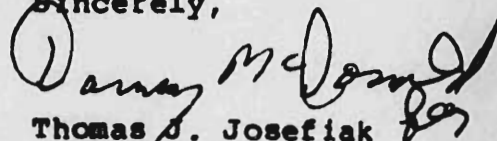
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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefiak  
Chairman

**Enclosures**

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

2104088032

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** North Carolina Farm Bureau

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations, or labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On May 20, 1986 the North Carolina Farm Bureau made a \$50.00 contribution to the Municipal Bond Investors Committee. This contribution appears to be a violation of 2 U.S.C. § 441b(a).

91040880333



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

**August 17, 1988**

**Bank of Highland  
Highland, TN 46322**

**RE: MUR 2600  
Bank of Highland**

**Dear Sir/Madam:**

On August 12, 1988, the Federal Election Commission found that there is reason to believe Bank of Highland violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Bank of Highland. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Bank of Highland, 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.

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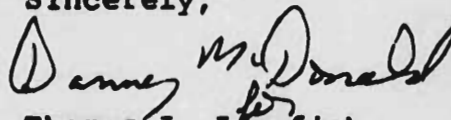
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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefiak  
Chairman

Enclosures

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

9104088035



**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Bank of Highland

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations and labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On April 30, 1986, the Bank of Highland made a \$50.00 contribution to the Municipal Bond Investors Committee. This contribution appears to be a violation of 2 U.S.C. § 441b(a).

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** Bank of Highland

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations and labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On April 30, 1986, the Bank of Highland made a \$50.00 contribution to the Municipal Bond Investors Committee. This contribution appears to be a violation of 2 U.S.C. § 441b(a).

91040880336



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

August 17, 1988

Platte Valley Bank  
Platte Valley, KS

RE: MUR 2600  
Platte Valley Bank

Dear Sir/Madam:

On August 12, 1988, the Federal Election Commission found that there is reason to believe Platte Valley Bank violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Platte Valley Bank. 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Platte Valley Bank 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.

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Letter to Platte Valley Bank  
Page 2

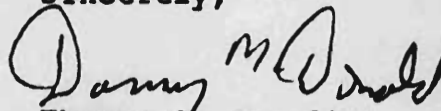
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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Thomas J. Josefiak  
Chairman

**Enclosures**

Factual and Legal Analysis  
Procedures  
Designation of Counsel Form

91040880338

**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:**     Platte Valley Bank

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any national banks, corporations, or labor organizations to make a contribution or expenditure in connection with any federal election or for any political committee knowingly to accept or receive any contribution prohibited by this section.

On June 25, 1986 the Platte Valley Bank made a \$25.00 contribution to the Municipal Bond Investors Committee. This contribution appears to be a violation of 2 U.S.C. § 441b(a).

91040880339



600#222

NORTH CAROLINA  
FARM BUREAU FEDERATION

TELEPHONE (919) 782-1706 / P. O. BOX 27788 / RALEIGH, NORTH CAROLINA 27611

August 23, 1988

Mr. Phillip L. Wise  
Federal Election Commission  
Washington, D. C. 20463

Re: MUR 2600  
North Carolina Farm Bureau

Dear Mr. Wise:

Please find enclosed the statement of designation of counsel for North Carolina Farm Bureau, indicating that I will be the counsel of record for the Company. Please be advised that there is no entity known as North Carolina Farm Bureau, and that the correct designation for the corporation that dealt with the Municipal Bond Investors Committee was the North Carolina Farm Bureau Mutual Insurance Company, Inc.

As we discussed during our telephone conversation last week, North Carolina Farm Bureau Mutual Insurance Company, Inc., would be interested in pursuing pre-probable cause conciliation, and we are specifically requesting that you advise us of the necessary steps to pursue that avenue. As I discussed with you during our telephone conversation last week, the personnel at the Insurance Company, who sent the check to the Municipal Bond Investors Committee in May, 1986, was totally unaware that the money was being sent to a political action committee. Prior to May, 1986, the Insurance Company had been receiving newsletters and correspondence from the National WPPSS Four and Five Bondholders Committee concerning the WPPSS default and bondholders' claims. The various newsletters requested bondholders to contribute money to defray expenses of the committee in determining the types and amounts of claims that were to be made under various lawsuits in progress. Those newsletters did not indicate that the National WPPSS Four and Five Bondholders Committee was forming a political action committee.

In May, 1986, the Insurance Company received correspondence from the Municipal Bond Investors Committee with a return address of Post Office Box 4634, Hialeah, Florida 33014. This was the same address that had been used by the National WPPSS Four and Five Bondholders Committee. Under the heading of the Municipal Bond Investors Committee was a smaller designation of "WPPSS PAC". The Insurance Company's accountant, Jack McMillan, sent a memo to a clerk indicating that the Insurance Company should send

RECEIVED  
FEDERAL ELECTION COMMISSION  
AUG 25 PM 12:40

RECEIVED  
FEDERAL ELECTION COMMISSION  
AUG 25 PM 2:38

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Mr. Phillip L. Wise  
August 23, 1988  
Page Two

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a small contribution, as has been done in the past, and Mr. McMillan was unaware that corporate contributions could not be made to a political action committee. In fact, Mr. McMillan was acting under the impression that the money would be going to the same entity as has been receiving contributions in the past from the Insurance Company. Any violation of federal election laws by the North Carolina Farm Bureau Mutual Insurance Company, Inc., was totally unintentional. Prior to the May, 1986, contribution, North Carolina Farm Bureau Mutual Insurance Company, Inc., had not been specifically advised that the National WPPSS Four and Five Bondholders Committee was forming a political action committee, and that contributions to that entity could not be accepted from corporations. In light of the following circumstances, we hope that the Commission will determine that no action need be taken against North Carolina Farm Bureau Mutual Insurance Company, Inc.

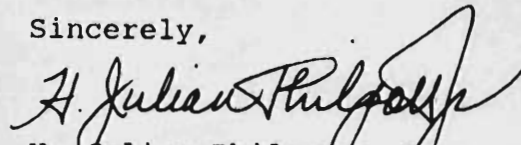
I am enclosing copies of the newsletters and correspondence received from the National WPPSS Four and Five Bondholders Committee and from the Municipal Bond Investors Committee. We will also be submitting some statements of various individuals, concerning the Company's contribution, and these statements will be under oath.

Since we received a copy of the letter from Mr. Danny McDonald on August 18, 1988, I have calculated that our response would be due on Friday, September 2, 1988. However, since I will be required to be out of the office on various matters for several days between now and September 2, and with the Labor Day holiday approaching, I am requesting that you allow us an additional twenty (20) days, to and including Thursday, September 22, 1988, in which to submit our sworn statements.

Please let me know if you have any problems with our requests.

Thank you for your careful consideration of this matter, and I look forward to hearing from you soon.

Sincerely,

  
H. Julian Philpott, Jr.  
Associate General Counsel

HJP:db  
enclosures

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2600

NAME OF COUNSEL: H. Julian Philpott, Jr.

ADDRESS: North Carolina Farm Bureau Federation

Post Office Box 27766

Raleigh, North Carolina 27611

TELEPHONE: (919) 782-1705

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.

August 23, 1988  
Date

W. B. Jenkins  
Signature

W. B. Jenkins, President  
North Carolina Farm Bureau Mutual Insurance  
Company, Inc.

RESPONDENT'S NAME: North Carolina Farm Bureau Mutual Insurance Company,  
Inc.

ADDRESS: Post Office Box 27427

Raleigh, North Carolina 27611

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: (919) 782-1705

91040880342

THE NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY  
CHECK REQUISITION

DATE June 28, 1984

PLEASE ISSUE A CHECK IN THE AMOUNT OF \$ 35.00

MAKE CHECK PAYABLE TO: National WPPSS 4 & 5 Bondholders Committee

FOR: contribution (bonds in default)

CHECK ISSUED BY: \_\_\_\_\_

Initial

Mary S.  
(Signature of Person  
Authorizing Check)

01 85161 81 330

U-100

Return requisition to  
Mary Stephenson

91040880343

# National WPPSS 4 & 5 Bondholders Committee

P.O. BOX 4634 • HIALEAH, FLORIDA

MAY 1984

Dear Bondholder,

As you are probably aware, the Washington Public Power Supply System has declared it won't make any further payments of interest or principal for nuclear projects Nos. 4 & 5. This default has left all the bondholders of Series 4 & 5 bonds with virtually worthless securities. Unless something further is to happen, we can forget about getting what is rightfully ours, the principal and interest from these bonds.

Chemical Bank, as the trustee, is vigorously pursuing the legal remedies for recovering our investment, but this mode of action is likely to take years. In the event that Chemical Bank is ultimately successful, a favorable judgement could require legislation at the state, and / or federal level, to fund the payback to us.

In order to speed the recovery process, Chemical Bank has sponsored the formation of a national committee with five regional sub-committees. To that end, we have organized National WPPSS 4 & 5 Bondholders Committee, from the regional committees around the country, who are working collectively for the return of our investment.

The Committee's aims will be:

1. To create public awareness in the northwest as to their obligation in this default. This can affect or influence a political solution before the lengthy legal battles have run their course.
2. Pressure for an investigation by Washington State authorities, both state and federal, of this breach of public faith and of the fraudulent activities that lead to the default.
3. Speak out as a representative arm for thousands of bondholders who can influence any settlement proposal put before us.
4. Provide the bondholders with "plain talk" interpretations and opinions about what to do. Present market prices indicate that many investors are operating out of fear or for tax reasons rather than with knowledge.
5. Pursue any legal remedy not able to be pursued by Chemical Bank, the trustee. In this regard we have announced a suit against the state of Washington due to the fact that the State Auditor certified each bond as being in compliance with that State's laws.



In order for us to cover the expenses of this effort, we are respectfully asking each bondholder to join our committee and make a minimum contribution of \$35.00, or \$1.00 per thousand of face value bonds you hold, or held, whichever is greater. Chemical Bank will not provide this Committee with funding, and therefore we must look to ourselves, the bondholders. This is the soundest investment you can make in view of its potential for, and size of recovery we have to achieve.

Membership in our committee will make you a party, at no additional expense to you, to any suit brought by the committee on behalf of its members against Washington State. It will also entitle you to receive our newsletter which will keep you up to date on developments and on how you can help your own cause.

A recovery on our bonds can be accelerated provided YOU, the victim of this outrage, are willing to invest a very small amount of your time. We speak from experience in making this claim. Members of this Committee know of similar default situations and how they were dealt with. Success was achieved in those situations by having a strong Committee which was able to speak for thousands of bondholders.

Let your voice be heard! It is urgent that you take but a few moments now, and fill out the enclosed questionnaire. In this way we would be able to advise you of your right to vote and of our position on any settlement offer. Please accept this request with the sense of weight and urgency that is meant to convey. A default of this magnitude is a first in America, and if it is not to stand, we have to band together.

Respectfully yours,

Arthur Hoffer  
Chairman  
National WPPSS 4 & 5  
Bondholders Committee

9 1 0 4 0 8 8 0 3 4 5

Return to: National WPPSS 4 & 5 Bondholders Committee  
Box 4634, Hialeah, Florida 33014

(Please Print)

Name NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY

Street Address POST OFFICE BOX 27427

City RALEIGH State NC Zip 27611

Telephone: Area Code 919 Number 782-1705

WPPSS 4 & 5 Bonds presently held: (ask for Jack McMillan, Acctg. Mgr. or  
Mary Stephenson, Investment Accountant)

No. of Bonds 60 @ 5,000 ea.

Face Value Amount \$ 300,000

The following questions are asked only to permit us to get a better profile of our bondholders and do not reflect on your standing as a bondholder.

a) Date(s) of Bond purchases 10/27/78

b) Purchase price(s) of bonds Par

c) Could you produce proof of the purchase price or date if you had to do so? (A brokerage advice or statement would normally suffice)

XX yes        no

d) Have you sold any of your bonds        yes XX        no

e) Have you swapped any of your bonds to establish a tax loss?

       yes XX        no

f) Do you hold any WPPSS 1, 2 or 3 Bonds? XX yes        no

# The National WPPSS 4&5 Bondholders Committee Newsletter

ARTHUR HOFFER - Vice Chairman  
RICHARD LEHMANN - Treasurer



April 1984

P.O. BOX 4634 • HIALEAH, FL 33014

## COMMITTEE MATTERS

On March 21, Jonathan Krasney resigned as Chairman of the committee. Jonathan played a major role, along with Chemical Bank, in the formation of the national committee. He has been the chief spokesman for the plight of the bondholders but in that role has attracted opposition due to his role as a bond dealer. By his resignation, Jonathan shows he gives first priority to the interest of bondholders. We owe him our thanks and our best wishes for the future.

On March 24, the national committee met in Seattle with the bondholders from the northwest. The meeting was chaired by Richard Lehmann who discussed the reasons for the resignation from the national committee by the northwest. There was extensive discussion of the outstanding issues to the apparent satisfaction of all. Mr. William Berls, Vice President of Chemical Bank gave his views on the need for a strong bondholder committee to complement their activities as trustees. Mr. Timothy Toy of Cravath, Swain & Moore also addressed the group on the status of the court cases they are pursuing. A new northwest committee was elected consisting of the following members:

Howard L. Ray (Co Chairman)  
Betty J. Ray (Treasurer)  
625 Eklund Ave.  
Hoquiam, Wa. 98550  
(206) 532-8158

Donald M. Treger  
Marjorie Treger

Jeanny Christopher (Co Chairman)  
Jack Christopher  
P.O. Box 1062  
Sequim, Wa 98382  
(206) 683-3585

Garrie Clune  
Arthur Coney  
Norma Sandison

## LEGAL MATTERS

On March 20, the Oregon Supreme Court ruled that the utilities from that state who participated in WPPSS 4 & 5 are liable under the take or pay agreements. A previous ruling by a lower court was reversed by this decision. The ruling does not assure that these utilities will pay their share unless the Washington decision freeing all the participants is also reversed. This does, however represent the first step in an unbroken series of court rulings unfavorable to the bondholders.

On March 26, the Washington State Supreme Court heard oral arguments on the appeal of the original ruling that triggered the WPPSS default. An excellent and impassioned appeal on behalf of the bondholders was made by Mr. Robert Mullen of Cravath, Swain & Moore representing Chemical Bank. Justice Brachtenbach made mention of the fact that he has received 700 to 800 letters from bondholders all across the United States and that he had found them disturbing to the point of upsetting his sleep at night. We read copies you have sent us and agree with him that there is just cause. We thank all who wrote and are gratified to report that your effort did not go unnoticed. A ruling by the court is expected within 90 days. In the light of the The Oregon Supreme Court ruling, there is hope, that the bondholders are not the forgotten victims of this travesty of justice.

On March 27, notices appeared in major publications advising that all purchasers of WPPSS 4 & 5 bonds between the dates of March 1, 1977 to January 22, 1982 are class action participants against WPPSS, the utility participants, the financial advisor, the senior managing underwriters, the engineers and architects, and the WPPSS bond counsel. The various class action suits you may have read about are now joined together in one suit in federal court. If you purchased bonds during the indicated period, you are automatically covered by this litigation even if you sold the bonds at a loss. Those of you who contemplated joining such a suit via the Washington Public Power Supply System Bondholders Association should weight the merits of that effort in light of your already being represented in the class action at no cost.

On March 28, notice was given to the public media that your committee was recommending to the bondholders the immediate initiation of a suit against the state of Washington. Our visit to this state has convinced us that there is a complete disinterest in the settlement of the WPPSS default and no perception by the vast majority of the people that they have a moral, if not also a legal obligation to the bondholders. Leadership in this state seems to have died with Senator Henry Jackson. Responsibility has fallen to the bondholders to force the issue upon the state leadership by whatever means possible. This is the reason for our March call for a boycott of the April 3 bond issue by the state and the reason for a suit. Other initiatives will be forthcoming now that we have a northwest committee.

## WRITE THE MEDIA

While in Seattle, we saw a sampling of Media reporting on WPPSS related affairs that reflected the typical public attitude which is:

- \* They know very little of what has happened.
- \* They have no sympathy for the loss by the bondholders.
- \* They consider bondholders as large institutions or fat cats
- \* They know that resolving WPPSS 4 & 5 would increase their electric rates, despite being by far the lowest in the country.

It is each bondholders responsibility to help change these misconceptions no matter where or when they appear, be it television or the printed media. Each time you see a report on WPPSS affairs, be it good or bad, we request each bondholder to write to that media. If the report was negative or inaccurate, set the records straight and educate that reporter. If the report was complimentary, thank them for their concern and indicate additional stories they might pursue in our cause. The following facts section replies to many of the misconceptions and distortions you will hear and read. Use them as appropriate to get your message across in your letter. If you can, telephone the reporter afterwards to emphasize your point and gauge what kind of response he is getting from other bondholders.

There is a lot of human interest in our plight but it is our responsibility to get that picture out of the media. Remember other bondholders will be writing. Judge Brachtenbach got over 700 letters and was moved. Others can be as well.

## ATTEND POLITICAL RALLIES

This is an election year and many politicians at the state and national level will be making public appearances soliciting your votes. As a bondholder, you should not pass up this opportunity to ask the question on how they stand on the WPPSS default and on the issue of sanctity of contract. Remind them that if a state can renege on its obligations in such a blatant manner, it destroys the confidence and integrity necessary to our capitalist system. The purpose of these questions is principally to force that official to educate himself on the issue in the WPPSS default so he can handle questions the next time he appears anywhere. This is an important first step toward building a political constituency who will speak up for the bondholders in the public forums.

## RETIREES

We note from the letters sent to Justice Brachtenbach that a great number of bondholders are retirees. We would urge each and every one of you to write The National Association for Retired Persons, P.O. 3315, Dallas, TX 75221 Attn. Mr. R. Morgen, President. This organization is very concerned with matters that affect retired individuals and has the ability to lobby in Congress on our behalf if they see a large number of retirees involved. Don't fail to mention the financial impact the default has had on you.

Another influential friend for retired individuals is Congressman Claude Pepper of Florida (2239 Rayburn House Office Bldg., Washington, D.C. 20515). Congressman Pepper attended the southwest meeting when the WPPSS regional committee was formed. He indicated he would support any initiative by bondholders which he felt was fair. Retirees should write this congressman to see if we cannot convince him to take a more aggressive role in resolving this injustice.

## WPPSS BONDHOLDERS FACTS

1. It is estimated that as many as 70,000 individuals hold WPPSS 4 & 5 bonds, many of whom are retirees living on fixed incomes.
2. Fully Two Thirds of the thousands of bondholders in WPPSS hold \$25,000 or less in bonds. For most of these bondholders, this investment represents a major portion of their life's savings.



3. Until the termination of WPPSS projects 4 & 5 in January 1982, the bonds were rated by Moody's and by Standard and Poors as investment grade debt instruments and sold as such to unsuspecting investors.

4. According to the U.S. Government Energy Information Administration, the typical electric bills in January 1982 for a residential user were as follows:

The average for the United States - \$50.40 per month  
The lowest rate - Washington State - \$17.21 per month  
The next lowest - Idaho State - \$20.06 per month  
The third lowest - Oregon State - \$22.91 per month  
The highest - New York State - \$76.54 per month

5. It is estimated that an increase of \$2.11 per month in the average electric bill for the residents in Washington, Oregon and Idaho would pay their obligation on the WPPSS 4 & 5 bonds.

6. The bonds were sold on the basis that the participating utilities were bound to pay the principal and interest on the bonds whether or not the plants were completed (known as the hell or high water clause). The bonds also stated that these agreements were in compliance with the laws of the State of Washington. That statement was certified to by the Auditor of the State of Washington. That statement is false per Washington State Supreme Court.

7. The State Supreme Court of Washington ruled in June 1983 that the participation agreements by the utilities were illegal because certain participants lacked the authority to sign such agreement. This interpretation ignored the fact that such agreements went unchallenged for 7 years and 14 bond issues. It also ignored the fact that by such a ruling, it rewarded the perpetrators rather than the victims of a perceived misdeed.

## 9 OTHER MATTERS

4 We appreciate the clippings, reports and other material you have sent us and encourage you to send us any material you feel will help us learn more of the facts or keep us current on media reporting.

3 We have been requested by many of you to advise you on tax swaps and whether or not you would loose your rights under the various suits should you sell your bonds outright. We cannot predict the terms of a settlement or the timing but would offer the following comments:

8 a) A sale and repurchase of the same issue of bond after 31 days would allow you to establish a tax loss and still hold the same bond on which you took the loss.

8 b) It is impossible to predict whether in a settlement the court would rule that you had to have an uninterrupted holding in the bonds. This would be especially difficult for them to verify given that the bonds are bearer bonds. Hence we cannot advise you as to whether a bond swap or outright sale of the bonds would affect your final standing and we venture to guess that no one will offer your firm advice in this regard.

FOR MORE INFORMATION - (800) 233-2113

CHEMICAL BANK HOTLINE

## 9 CLOSING NOTE

Our thanks to Mr. G. Kelley who provided us with the editorial comment in The Portland Oregonian newspaper. It was a courageous attempt by the media to address this massive injustice. We quote, "The Oregonian considers the Oregon Supreme Court decision good news because it will overcome the rank indifference of public power over the regional disgrace of participating in default. It should reopen discussion, if only in court at first, stirring the pot from which honorable solutions to the WPPSS failure may flow."

The Oregon Supreme Court decision offers one more opportunity for Northwest energy brokers to show the rest of the national that this region is financially responsible. It is a last chance to demonstrate that Northwesterners honor their agreements and pay their debts, no matter how unwise in the glimmer of hindsight knowledge those agreement and obligations were."



# The National WPPSS 4&5 Bondholders Committee Newsletter

ARTHUR HOFFER - Chairman (516) 582-4705 NY  
LEN SAMUELS - Vice Chairman (404) 796-0064 GA  
RICHARD LEHMANN - Treasurer (305) 557-1832 FL  
MERT FREEMAN - Secretary (213) 473-3063 CA



SEPT. 1984

P.O. BOX 4634 • HIALEAH, FL.

## Bondholders Committee Suit Against Washington State

The National WPPSS 4&5 Bondholders Committee will be filing a claim and lawsuit in September against the State of Washington. Among other things, this suit alleges that the State has demonstrated it exercised ultimate control and responsibility over WPPSS by virtue of a series of acts before and after termination of projects 4 and 5.

In conjunction with the filing of our suit against the State of Washington, we plan to launch a public relations campaign, principally in Washington State, to achieve the following:

- Public awareness that bondholders have been swindled by public officials and that this swindle is being prolonged by a "corrupting state supreme court decision" (Wall Street Journal August 13, 1984).
- Correct misinformation about the true cost of a settlement to rate payers and the legal costs of prolonged litigation.
- Disseminating factual details about the state's involvement in the planning and running of WPPSS.
- Correct public image of who the bondholders are and why they cannot afford the losses they are facing.

Chemical Bank has reviewed the merits of our suit and agreed to underwrite our legal expense in bringing this action against the State. It is up to us bondholders, however, to finance the public relations effort. Obviously, we should like our legal action to lead to a timely out of court settlement of the default and the state must take the lead for this to happen. To achieve this, we need to get our story across to the public. This in turn requires additional financing.

We ask each bondholder to evaluate what we are doing and if you agree with this course of action, we ask you to consider a special \$25 contribution toward this effort. We need to raise \$500,000 for this campaign and have indications that institutional support will be forthcoming. Your contributions will help convince these institutions of the broad support we have already received. Checks should be made payable to "National WPPSS 4&5 Bondholders Committee" and should carry the notation "Public Relations Campaign Fund". Please send your contribution to our headquarters in Florida, P.O. Box 4634, Hialeah, FL 33014.

Reminder: All members of the Committee are professionals who contribute their time and experience totally and without compensation.

## Status of Litigation

### WASHINGTON STATE COURT PROCEEDINGS

Now awaiting decision by the Washington State Supreme Court is Chemical Bank's appeal of Judge Coleman's August 11, 1983 order releasing all 88 participants from their obligations under the Participants' Agreements and otherwise denying any claims and defenses such as restitution, the obligations of non-Washington Municipal defendants, the requirement (as a matter of U.S. constitutional law) that some remedy be afforded by state courts and other matters. Certain Bondholders sought to intervene in this proceeding, seeking a remand to lower courts on certain equitable and "quasi-contract-claims". This proposed intervention is also under consideration.

## WASHINGTON FEDERAL COURT PROCEEDINGS

The main focus of Bondholder litigation is two suits now pending in the U.S. District Court for the Western District of Seattle: 1) **In re WPPSS Securities Litigation**, MDL 551, a consolidated class action on behalf of purchasers of Bonds prior to January 22, 1982, alleging actual and constructive fraud and other claims regarding the construction and financing of Projects 4 and 5 and the issuance and marketing of the securities themselves. Covered are persons who purchased Bonds prior to January 22, 1982, even though they may have later sold them at a loss. Defendants are WPPSS, its members and certain of its directors, its financial advisor, the 88 participants, the engineers, the underwriters and bond counsel to WPPSS. 2) **Chemical Bank v. PUD No.1 of Benton County**, a suit brought by the Project 4 and 5 Fund Trustee against WPPSS, its members and certain of its directors, the 88 participants and the Bonneville Administration. This suit is on behalf of Bondholders whoever they may be and irrespective of when and under what circumstances they purchased. Both suits are based upon violations of Federal and state securities laws, common law claims of fraud, negligence and unjust enrichment and other theories. Motions to dismiss have been denied and discovery is proceeding. Depositions will start in November 1984 and the current trial is June 1985.

### OTHER PROCEEDINGS

Bonneville Power Administration. Pursuant to a newspaper advertisement published by the class plaintiffs' attorneys in MDL, numerous former or present bondholders have filed notices of claim with the BPA. Six months after filing, the claim may be pursued by litigation against BPA. Claims were filed by Chemical on behalf of all present bondholders and by class plaintiffs on behalf of all purchases prior to January 22, 1982. (BPA is expected to contest the adequacy of claims filed by each of class counsel and the trustee.)

A number of bondholders have inquired about various legal remedies and suits being brought and questioning whether they are included. It is our opinion that the various class action suits combined with the suits brought by Chemical Bank provide sufficient legal remedies for all bondholders no matter when they purchased their bonds.

### LETTERS

The following was submitted by one of our northwest committee members in response to a letter published by the Seattle Post Intelligencer. That letter was written by a Washington rate payer who mistakenly characterized bondholders as investors in WPPSS 4 and 5 rather than as creditors. This reply, which the paper would not publish, sums up a very complex subject about as well as we have seen to date:

Dear Sir:

A recent letter to the editor published by you regarding the Washington Public Supply System default illustrates a gross misunderstanding of investing in stocks or bonds.

A person investing in bonds is essentially depositing his money as he would in a savings account. The difference being that with a bond, he does it for a fixed period of time and for this commitment he gets a slightly more favorable rate of interest. He is guaranteed to get his principal back at the maturity of the bond. For this guarantee, he relinquishes the privilege of participating in the management of the enterprise and sharing in the profits the enterprise might generate. The bond does, however, have first claim on the enterprise assets in the event they have to be liquidated.

The enterprise issuing the bond, however, goes to great lengths to convince the bond buyer that they will be dependable stewards of their money. The bond issuer will engage the services of an independent agency who will critically analyze the bond issuer's credentials. From this analysis the independent agency will issue a rating which the bond brokers and buyers can evaluate and determine the desirability of the bond. If the issue gets a high grade, the yield is low. As the grades become lower, the yield rises. This is the level of confidence that the bond rating agency has arrived at by its analysis. A person buying a bond evaluates the risk of the bond issue from the rating it has and the written report the issuer publishes detailing his qualifications.

In contrast a share of stock represents ownership in the enterprise. With the ownership comes the privilege of participating in the management of the enterprise and sharing of any profits or losses the enterprise may generate. A share of stock usually does not have a fixed value; rather, its value is determined by the ability of the enterprise to generate profits. A stock buyer attempts to assess an enterprise's potential for making a profit and buys accordingly. A stockholder has no guarantee that his stock will retain its value. The risk involved is the stark contrast to the security offered by a bond.

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The Washington Public Power Supply System was licensed to generate and sell electric power in Washington by the state. Since it is a public utility and also a monopoly, it financed its activity by issuing bonds. These bonds were certified by the state of Washington and went through the prescribed rating process to become highly rated investment grade bonds. Some reasons for the high ratings were the fact that this was a public corporation authorized by the state of Washington. Two powerful words in the title of this corporation imply tremendous confidence - Washington & Public. From the title "Washington Public Power Supply System" corporation can be construed that it has a monopoly in selling and generating electric power.

Aided and abetted by the Bonneville Power Administration, the Washington Public Power Supply System perceived an enormous requirement for electric power in years to come. These forecasts were developed by people who were highly skilled and qualified in the field. No one would have any reason to doubt their validity. A public electric utility is **required by law** to provide sufficient electricity to their customers. Based on this, the Washington Public Power Supply System contracted for power generation plants. So certain were they of their requirements that they readily convinced their customers, the individual public utilities, that signing the take or pay (hell or high water) contracts was not considered an undue risk.

As bonds were issued, the state of Washington readily certified each issue and bond rating agencies were thoroughly convinced that these were high grade issues meriting the highest ratings. Bond brokers were also thoroughly convinced of the impeccable quality of these bonds. This scenario did not happen just once, but was repeated fourteen times over a period of seven years. Each time the bond issues received investment grade ratings. Based on all this professional advice and certification by the state of Washington, a bond buyer would be hard put to find a more secure and safe investment.

Even when the Washington Public Power Supply System started showing signs of trouble, bond owners did not have too much cause for alarm. After all, the language in the supply contracts was very clear. The public utilities who had signed the contracts owed the money - regardless of whether or not they got any electricity or not. The take or pay contracts merely followed the standard of the utilities industry which have been common practice for as many years as one cares to remember.

But, in Washington State things are different. Enter the State Supreme Court of Washington. Through an exercise in legal gymnastics with the English language, the Washington State Supreme Court wondrously determined that the people in charge of the public utilities had no authority to contract for electric power!!! Notwithstanding that such contracts are entirely legal and enforced in 48 states of the U.S. of A. Now that the fat was in the fire, a scheme had to be contrived to protect electricity users from paying for electricity they would not get. The fine line of reasoning was developed that because the bond money had been squandered, the utilities should not have to live up to their contract. Interestingly enough, these people who don't have the authority to contract for electric power are still at their jobs with the defaulting public utilities.

It is estimated that about 70,000 individuals hold defaulted bonds, many of whom are retirees living on fixed incomes. About 45,000 of these people hold amounts of \$25,000 or less in the bonds. For most of these bondholders, this investment represents a major portion of their life's savings. For electric users of Washington, Oregon and Idaho, it is estimated that paying off the Washington Public Power Supply System bonds would cost the average user \$2.11 per month.

Based on the foregoing information, I believe it is totally wrong to refuse to pay for the bonds. The bondholders are innocent victims of an endeavor that went terribly wrong. They should not be made to pay for a situation over which they had **absolutely no control**.

The public was misled by the public utilities and the Washington Public Power Supply System until the very end. In fact they were misled to the point that stretched a thin line between truth and fraud. Since we, the customers, are the reason for the building of these plants, I think we, the customers, must bite the bullet and pay the bill.

I have lived in Washington state for 34 years and I have been very proud of this place. I have the good fortune of working for a company who has gained a world reputation for building and selling a product of the highest integrity and reliability. I believe we must portray our state in the same manner. I am ashamed to talk to people from other parts of the U.S. of A. The question comes up, "How come you people don't want to pay your bills? You have the ability to pay but refuse to do so."

Our state government is making a concerted effort to promote tourism. With our reputation for payment of debts, how can our tourists be sure they won't be ripped off by our unconventional interpretation of the law? Our elected officials keep issuing bonds to finance needed government facilities. How can we expect anybody to buy these bonds except as junk bonds at high premium rates given our sad performance on Washington Public Power Supply System bonds 4 & 5? Can we really afford such a bad credit rating? Do we



really want to put these bondholders on the welfare rolls? Can a really good conscience refuse to pay our legally constituted debt?

Because of highly vocal objections raised by many of our newspapers to rate increases, we have come to the attention of Senator Metzenbaum of Ohio. Our average monthly electric bill is \$133.19, below the average for the United States. The reason being that our electric rates have been subsidized by all the other states in the union. If we continue to raise a big fuss over our modest rate increases, Mr. Metzenbaum may decide that we should start paying our fair share compared to the rest of the states in the nation. I think we would be far better off to keep a low profile on our rate increase and pay the price of the default. If Senator Metzenbaum decides to pursue the rate inequity we could wind up paying \$33.00 more per month for electricity instead of \$2.00 more.

Norman Benson  
Seattle

## What Can I Do?

Letters to the editor of your local paper, the Wall Street Journal and the New York Times are very useful. Newspapers respond to subjects they see an interest in. Some addresses for this are:

The Editor - The New York Times • 229 West 43rd Street • New York, N.Y. 10036

Letters to the Editor - The Wall Street Journal • 22 Courtland Street • New York, N.Y. 10007

The Editor - The Seattle Post Intelligencer • 521 Wall Street • Seattle, Washington 98121  
(Make reference the anti-bondholder bias to their reporter Joel Connely)

This is an election year and politicians in Washington State and at the Federal level are up for re-election. Bondholders should make a point of attending public meetings with such officials or make appointments to see them. As one senator said, Washington politicians respond to the squeaking wheel. This is most true when they meet the problem face to face, week after week.

## Follow Up

You will recall our previous campaign to boycott Washington State bond issues. In a \$150 million offering in April, the state was successful in selling out that issue but we understand the underwriters lost money because of the poor reception from bondholders. As a result, when the state came back in June with a \$162 million offering, only \$27.5 million was bid for. The remainder of the issue had to be withdrawn and received no bids on a second attempt. Who says WPPSS bondholders can't influence the market?

P.O. BOX 4634  
HIALEAH, FL 33014

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CONTRIBU	841016	NATIONAL WPPSS 4&5 BONDHL	DC393 00001	25.00
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FIRST CITIZENS BANK  
AND TRUST COMPANY  
RALEIGH, N. C.

**NORTH CAROLINA FARM BUREAU  
MUTUAL INSURANCE CO.**  
RALEIGH, NORTH CAROLINA

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CHECK NO.

3G-322551

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10/16/84

AMOUNT

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PAY  
TO THE  
ORDER  
OF

NATIONAL WPPSS 4&5 BONDHL

NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE CO

FOR: CONTRIBU

PLEASE PRESENT FOR PAYMENT WITHIN 60 DAYS.

**NON-NEGOTIABLE**  
AUTHORIZED SIGNATURE

⑈3G322551⑈ ⑈10111003⑈ ⑈101684⑈ ⑈25.00⑈

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1. Questions I would like to have answered in future correspondence:

We have no specific questions, but we are nevertheless vitally interested in hearing from your committee ( or any other bondholders) about what actions can be taken to rectify this deplorable situation.

2. Comments and Ideas:

We are enclosing our check in the amount of \$35.00 -- and we are very much interested in cooperating with the committee in any way possible as future events unfold.

3. Indicate the name of any person you know in the media, newsletter, magazines, television, etc. Indicate if you would be able to approach them to obtain publication or broadcast of information that we would prepare for you on the WPPSS default.

4. Indicate the name and location of the brokerage firm with whom you have an account.

As an institution, we deal of course with various national brokerage firms.

In the case of the projects nos. 4 & 5 of WPPSS, they were purchased from the brokerage firm of Prudential Bache.

PLEASE ENCLOSE A CONTRIBUTION OF \$35.00 OR \$1.00 / THOUSAND OF FACE VALUE, WHICHEVER IS GREATER. Make checks payable to the "National WPPSS 4 & 5 Bondholders Committee".

a check is enclosed in the amount of \$35.00.

91040880355

NC FARM BUREAU MUTUAL INSURANCE COMPANY

RALEIGH, N.C. 27611

CONTRIBU	840628	NATIONAL WPPSS 465 BONDHO	00317 00017	35.00
01-SPCHECK		3G-319081	06/28/84	35.00

FIRST CITIZENS BANK  
AND TRUST COMPANY  
RALEIGH, N. C.

**NORTH CAROLINA FARM BUREAU  
MUTUAL INSURANCE CO.**  
RALEIGH, NORTH CAROLINA

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06/28/84

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PAY  
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PLEASE PRESENT FOR PAYMENT WITHIN 60 DAYS.

AUTHORIZED SIGNATURE

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THE NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY  
CHECK REQUISITION

DATE October 16, 1984

PLEASE ISSUE A CHECK IN THE AMOUNT OF \$ 25.00

MAKE CHECK PAYABLE TO: National WPPSS 485 Bondholders Committee

FOR: contribution (bonds in default)

CHECK ISSUED BY: \_\_\_\_\_

Initial

Mary S.  
(Signature of Person  
Authorizing Check)

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Return requisition to  
Mary Stephenson

9104080357

NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY

To Mary From JAB 17  
Regarding \_\_\_\_\_  
Date \_\_\_\_\_

Please mail a  
\$25.00 check to them.  
Thanks

11004-0006-0576

91040880358

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THE NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY  
CHECK REQUISITION

DATE June 6, 1985

PLEASE ISSUE A CHECK IN THE AMOUNT OF \$ 50.00

MAKE CHECK PAYABLE TO: National WPPSS 4 & 5 Bondholders Committee

FOR: contribution (bonds in default)

CHECK ISSUED BY: \_\_\_\_\_

Initial

Mary S.  
(Signature of Person  
Authorizing Check)

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Return requisition to  
Mary Stephenson

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# The National WPPSS 4&5 Bondholders Committee Newsletter

JONATHAN KRASNEY - Chairman  
ARTHUR HOFFER - Vice Chairman  
RICHARD LEHMANN - Treasurer  
MIKE FISHER - Secretary



5/1/85

P.O. BOX 4634 • HIALEAH, FL 33014

## Update

Many bondholders advised us of the duplicate mailings they received of our last newsletter and bondholders claim form. This duplication resulted from the fact that the claim form was mailed to everyone on Chemical Bank's mailing list as well as ours. We are making every effort to avoid duplications on our list and continue to keep Chemical informed of the problem with their list. In order to assure that everyone receives a claim form, it is reproduced again in this newsletter. If you have already returned your form, you should not send a second reply. We note again that the claim form should be filled out, even if you no longer hold any bonds. Under the class action suits, you do not need to currently hold bonds in order to be eligible for a claim.

On the legal front, all filings have now been made in the Chemical Bank appeal to the U.S. Supreme Court. Amicus (friends of the court) briefs favoring a review by the court were filed by your Committee, the American Association of Retired Persons, the American Bankers Association, the Security Industries Association, the Public Securities Association, Salomon Bros., Smith Barney Harris Upham, Prudential Bache, Merrill Lynch, the City of Seattle, and the Attorney General of the State of North Carolina. Surprisingly, three of the defendant PUDs (Franklin, Chelan and Douglas Public Utility Districts) also stated they wished the court to hear the case. A decision to hear the case should be forthcoming in May. Such a decision by the court should have a very favorable effect on our efforts, in initiating an out-of-court settlement. The efforts of your Committee following a favorable court decision will be essential in arriving at a *rapid* solution. More important is the fact that we have a solution that is fair from the bondholders' and not just an attorney's perspective.

We were gratified by the Amicus filing of the American Association of Retired People. This influential organization was initially opposed to supporting the rights of bondholders at the expense of ratepayers. We appreciate the many letters written to this organization by our bondholders which helped them come to the right decision.

## Questions

In reply to two commonly asked questions:

- ☐ The Washington Public Power Supply System Bondholders Association, Inc. of Chicago has no affiliation with your Committee. We do not suggest that bondholders pay to join the legal actions this organization may bring. We feel that the bondholders are already being very well represented, without additional fees, in a variety of suits that should produce a favorable outcome.
- ☐ Bondholders who sustained losses through their participation in tax-exempt security trusts need not file a bondholder claim form. Their recovery rights must be filed for by the trust administrator.
- ☐ You will shortly be receiving a class action notice regarding the Committee-sponsored suit against the State of Washington. This notice is sent to you as a matter of legal formality and requires no actions on your part.

In January 1984 we began fund-raising for our Committee in order to supplement the activities of Chemical Bank and take actions in areas they could not act. Since that time, we have expended over \$200,000, raised from individual bondholders, in the following ways:

1. Members of the national committee testified before a subcommittee of the Committee on Interior and Insular Affairs of The House of Representatives. At these hearings, the WPPSS default was put into perspective for those members of Congress who were confused as to who were the investors and who were the bondholders. We also made it clear that the bondholders were mostly small investors and not large institutions. Personal lobbying efforts of Congressional members are ongoing.

2. Organizational and educational meetings were held in several areas of the country to broaden the Committee's support and inform people of their rights.

3. A newsletter was initiated to keep everyone current of developments and to permit concerted actions by bondholders.

4. Amicus Curiae briefs were filed in the Washington and U.S. Supreme Courts to give the bondholders perspective to the default.

5. A class action suit on behalf of all bondholders has been started by the Committee against the State of Washington. This suit obtained a high degree of visibility in Washington and has a fair chance of success. Unlike some other groups who have said they will represent you in individual suits, this legal action is for the benefit of all bondholders at no cost to you.

When the Washington State litigation was set in motion last November with the filing of our \$7.25 billion suit against the state, the Committee simultaneously initiated a massive nationwide public education effort designed to generate broad-based understanding and support of our claims. In the absence of such an effort, we run the risk of allowing the state to present its biased views *without challenge* and allow the authorities who influence the outcome of negotiations to formulate erroneous opinions.

6. Our vital communications functions are being planned and carried out by Braun & Company, one of the oldest and most reputable public affairs firms in the nation. Under their direction, dozens of major communications projects are being implemented to build momentum in support of our cause.

7. The Committee has also retained the services of High-Point C.T.M.S., Inc., one of the largest consulting engineering firms in the world. The High-Point organization is highly experienced and well-regarded for its work in the field of nuclear project construction analysis. Their task will be to investigate and advise regarding the propriety of the engineering aspects of the WPPSS 4 & 5 projects.

8. In February, the Committee initiated a massive effort to determine the types and amounts of claims that would be made under the various lawsuits now in progress. This survey serves two main purposes:

A) It provides information necessary for our public relations efforts and establishes that bondholders are truly small investors who have been badly hurt by this default.

B) It allows our committee to play a meaningful part in the settlement of this default. The results of this survey will allow us to value any settlement offer and assure that a fair, predefined recovery is achieved.

*AS YOU MAY HAVE GUESSED, THESE EFFORTS HAVE NEARLY EXHAUSTED OUR AVAILABLE FUNDS. ALTHOUGH WE CONTINUE TO RECEIVE CONTRIBUTIONS FROM NEW MEMBERS, WE MUST ASK THOSE WHO SUPPORTED US IN 1984 FOR A RENEWAL CONTRIBUTION OF \$50. THE COMMITTEE'S EXECUTIVE GROUP HAS DEVOTED A GREAT DEAL OF TIME, ENERGY AND PERSONAL RESOURCES, TOTALLY WITHOUT COMPENSATION. WE MUST ASK ALL BONDHOLDERS, HOWEVER, TO PROVIDE THE FINANCIAL RESOURCES TO KEEP UP THE MOMENTUM AT THIS CRITICAL TIME. UNLESS YOU HELP THROUGH YOUR COMMITTEE, YOU'LL FIND LITTLE SUPPORT FROM ANYONE NOT WORKING DIRECTLY FOR, OR MOTIVATED SOLELY BY, COMPENSATION.*

*PLEASE USE THE ENCLOSED ENVELOPE FOR REMITTING YOUR CONTRIBUTION.*

(If you need additional lines, please add addendum sheet.)

a.) Do you currently own any municipal bonds prior to your purchase of WPPSS bonds?

☐ Yes ☐ No

b.) Do you still own any municipal bonds?

☐ Yes ☐ No

c.) Do you also own any WPPSS 1, 2, or 3 bonds?

☐ Yes ☐ No

2. Do you have original brokerage tickets or some other form of proof to substantiate your claim's date of purchase and price?

☐ Yes ☐ No

Specify type of proof you can produce. Brokerage advice or statement \_\_\_\_\_ Other (specify) \_\_\_\_\_

3. Indicate your main reason for purchasing these bonds. (Note your reply will not affect your claim status but is important for statistical purposes.)

a) ☐ Retirement Income

d) ☐ Other (specify) \_\_\_\_\_

b) ☐ Tax Shelter

c) ☐ High Yield

☐ Check here if you are currently retired

☐ Check here if the income from these bonds represents a significant supplement to your income

4. List the name of the broker firms (not the individual) through which you purchased or sold your bonds.

5. Are you presently a party in any of independent WPPSS-related lawsuits? If yes, indicate which ones:

a) Haberman suit ☐

b) WPPS 4 & 5 Bondholders Association ☐ (Note: This is not your Committee's suit, which is a class action.)

c) Own suit against your broker ☐

d) NASD arbitration hearing against your broker ☐

e) Other (specify) \_\_\_\_\_

6. Are you willing to write or contact public officials as part of a committee organized public awareness campaign?

☐ Yes ☐ No

7. Please indicate your age category:

☐ a) Under 40 years of age

☐ b) 40 to 50 years of age

☐ c) 50 to 60 years of age

☐ d) 60 to 65 years of age

☐ e) Over 65 years of age

8. Indicate marital status

☐ a) Married couple with dependents

☐ b) Married couple without dependents

☐ c) Single

☐ d) Widow(er)

9. How has your attitude toward municipal bonds changed as a result of the WPPSS default:

☐ a) Now consider municipal bonds riskier.

☐ b) Would only buy insured or insurable bonds.

☐ c) Would never buy another municipal bond.

☐ d) Would never buy another Washington State issue.

☐ e) Will continue to buy/hold municipal bonds.

☐ f) No change in attitude.

IF YOU HAVE NOT YET MADE A MEMBERSHIP CONTRIBUTION, WE URGE YOU TO ENCLOSE THIS WITH YOUR REPLY. THANK YOU!!

9104080363



NC FARM BUREAU MUTUAL INSURANCE COMPANY

RALEIGH, N.C. 27611

CUN-BNDS	850606	NAT'L WPPSS 4 & 5 BONDHOL	00552 00027	50.00
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VENDOR NUMBER	CHECK NUMBER	DATE
01-SPCHECK	3G-350906	06/06/85

TOTAL AMOUNT
50.00

FIRST CITIZENS BANK  
AND TRUST COMPANY  
RALEIGH, N. C.

**NORTH CAROLINA FARM BUREAU  
MUTUAL INSURANCE CO.**  
RALEIGH, NORTH CAROLINA

66-30  
531

CHECK NO.

3G-350906

DATE

06/06/85

AMOUNT

\*\*\*\*\*50.00\*

PAY  
TO THE  
ORDER  
OF

NAT'L WPPSS 4 & 5 BONDHOLD

NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE CO.

FOR:

CUN-BNDS

PLEASE PRESENT FOR PAYMENT WITHIN 60 DAYS.

**NON-NEGOTIABLE**

AUTHORIZED SIGNATURE

⑈00350906⑈ ⑆053100300⑆0861182678⑈

91040880364



Sp Check  
17

THE NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY  
CHECK REQUISITION

DATE May 22, 1986

PLEASE ISSUE A CHECK IN THE AMOUNT OF \$ 50.00

MAKE CHECK PAYABLE TO: MUNICIPAL BOND INVESTORS PAC

FOR: CONTRIBUTION (BONDS IN DEFAULT)

CHECK ISSUED BY: \_\_\_\_\_

Initial

Mary S

(Signature of Person  
Authorizing Check)

U-100

01 85161 81 330

RETURN REQUISITION TO  
MARY STEPHENSON

91040880365

NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY

To Mary From John

Regarding \_\_\_\_\_

Date 5/14/86 also

I sent a copy of this to Bob Branghton.

Perhaps we should send a small contribution

such as \$25 or (\$50). Let  
me know ~~again~~ what we have  
contributed in the past. Thanks

11004-0000-0076

91040880366

Those of you who have not already done so, we ask your financial support in this matter and other legislative efforts. We need to push this bill through both the House and Senate. In addition, we are supporting other efforts that will attempt a direct legislative solution to the default. It is clear that timely justice will not come via the courts unless we can mount legislative pressure on the 88 participants. Please send your contributions to:

Municipal Bond Investors Committee (WPPSS PAC)  
P.O. Box 4634  
Hialeah, FL 33014

Contributors of \$100 or more will receive a complimentary copy of the soon to be published book titled WPPSS: WHO IS TO BLAME FOR THE DISASTER.

Richard Lehmann  
Treasurer

-----  
Enclosed is my contribution to the WPPSS 4 & 5 Political Action Committee for:

\$25\_\_\_\_\_ \$50 XX \$100\_\_\_\_\_ other\_\_\_\_\_

Checks should be made payable to the "Municipal Bond Investors PAC"

Name NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE COMPANY

Address P O BOX 27427

City RALEIGH State NC Zip 27611

Occupation \_\_\_\_\_  
(Requested to comply with election law disclosure requirements)

91040880367

**Municipal Bond Investors Committee**  
**WPPSS PAC**

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

**SPECIAL REPORT - CONGRESSIONAL HEARINGS**

**MAY 19 ON WPPSS BILL**

On May 19, the House Ways and Means Subcommittee on Select Revenue Measures has scheduled hearings and will vote on HR 4077, a bill introduced by Congressman Robert G. Torricelli. Members of the WPPSS 4 & 5 Bondholders Committee will be giving testimony in favor of this bill, which the Committee was instrumental in introducing. The bill denies tax exempt bond issuing authority to the 88 municipal participants in the WPPSS 4 & 5 projects until the default is settled or litigated to a conclusion.

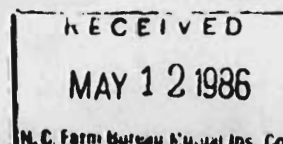
As you know, these municipalities have used the elected courts in Washington State to deny us justice there and have manipulated Federal Court procedures to delay us further. As things now stand, we have been in Federal Court for a year and a half and the earliest trial date will be no sooner than September 1988! Meanwhile Snohomish County, one of the chief culprits in this default is planning to refinance almost \$300 million in existing bonds in order to take advantage of lower interest rates. If we want justice before the 1990's we must not let this happen.

We urge you to write your Congressman and ask him to support HR 4077. Let him know what this default has cost you personally and how the legal system is being manipulated to delay or deny you justice. Point out that this bill is not asking for money or for a bail out, it is saying that these 88 municipalities who defaulted on their promises will be denied the privilege to issue more tax exempt bonds until they have settled this default. Ask your friends to write as well since the volume of mail is all important. Your letters are important now and can make a difference. This is an election year and every letter represents several votes. How may Congressman will ignore such a letter when there is clearly no one except in Washington or Oregon who stands to lose by his vote for this bill. Remember that a hand written rather than a typed letter is more effective. Note on the top of the letter that you are writing regarding HR 4077. We also urge you to write or send a mailgram to the following representatives on the subcommittee that will vote first on this bill:

Charles Wrangel, (N.Y., Chairman - D)	Beryl F. Anthony, Jr (ARK - D)
Ronnie G. Flippo (AL - D)	Guy Vander Jagt (MICH - R)
Bryon L. Dorgan (N.C. - D)	Carroll A. Campbell (S.C. - R)
Barbara B. Kennelly (CT - D)	William M. Thomas (CA - R)
Wyche Fowler, Jr. (GA - D)	Raymond McGrath (NY - R)
Robert Matsui (CA - D)	

(All Letters to the Congressman should be mailed to the following address:

House of Representatives  
Washington, D.C. 20515



NC FARM BUREAU MUTUAL INSURANCE COMPANY

RALEIGH, N.C. 27611

CONTRIBU	860522	MUNICIPAL BOND INVESTORS	00803 00017	50.00
01-SPCHECK		3G-362816	05/22/86	50.00

FIRST CITIZENS BANK  
AND TRUST COMPANY  
RALEIGH, N. C.

**NORTH CAROLINA FARM BUREAU  
MUTUAL INSURANCE CO.**  
RALEIGH, NORTH CAROLINA

66-30  
531

CHECK NO.

3G-362816

DATE

05/22/86

AMOUNT

\*\*\*\*\*50.00\*

PAY  
TO THE  
ORDER  
OF

MUNICIPAL BOND INVESTORS P

NORTH CAROLINA FARM BUREAU MUTUAL INSURANCE CO.

FOR: CONTRIBU

PLEASE PRESENT FOR PAYMENT WITHIN 60 DAYS.

AUTHORIZED SIGNATURE

⑈00362816⑈ ⑆053100300⑆0861182678⑈

9104080369



MUNICIPAL BOND INVESTORS COMMITTEE

\$50.00

REIMBURSEMENT OF CONTRIBUTION

W. P. A. S. S.

CR 01 85161 81 330

MS-ACCTG.

2-15-88

9140880370

MUNICIPAL BOND INVESTORS COMMITTEE  
P.O. BOX 1000  
MIAMI LAKES, FL 33014

PAY TO THE ORDER OF *W. P. A. S. S.*

1098

ENTERPRISE BANK OF FLORIDA  
5175 NW 153RD STREET  
MIAMI LAKES, FL 33014

DOLLARS

FOR DEPOSIT ONLY

001098 40880370 010001250501

WFFSB PAC

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

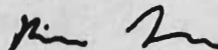
February 3, 1988

North Carolina Farm Bureau  
Raleigh, NC 27611

Dear Sir(s):

Enclosed is a refund check for \$50 for your contribution of May 1986 to the Committee. Federal Election rules do not allow PAC Committees to accept contribution from corporate bank accounts. If you wish to make this contribution, please issue the check on an individual account.

Sincerely,



Richard Lehmann

CRL:rl1

Enclosure

91040880371



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 1, 1988

H. Julian Philpott, Jr., Esquire  
North Carolina Farm Bureau  
Federation  
Post Office Box 27766  
Raleigh, North Carolina 27611

RE: MUR 2600  
North Carolina Farm Bureau  
Mutual Insurance Company, Inc.

Dear Mr. Philpott:

This is in response to your letter dated August 23, 1988, which we received on August 25, 1988, requesting an extension of 20 days until September 22, 1988 to respond to the Commission's reason to believe notification to your client. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on September 22, 1988.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

91040880372



**Bank of Highland**

2611 Highway Avenue • Highland, Indiana 46322

FEDERAL ELECTION COMMISSION  
MAIL ROOM

88 AUG 29 AM 9:28

QCC#253

(219) 838-9500

August 24, 1988

Mr. Phillip L. Wise, Attorney at Law  
Federal Election Commission  
Washington, D.C. 20463

IN RE: MUR 2600  
Bank of Highland

88 AUG 29 PM 12:31

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE

Dear Mr. Wise:

This letter is in response to correspondence from your office regarding an apparent violation of the Federal Election Campaign Act of 1971. On March 12, 1986 we issued our check number 26598 in the amount of \$50.00 payable to WPPSS 4 & 5 Political Action Committee representing a contribution to a group that we feel had done an excellent job in representing our interests in pursuing what remedies might be available to cure our loss in excess of \$80,000.00 due to the default of WPPSS Projects 4 And 5. Subsequent to our making the contribution, the Bondholder's Committee returned our \$50.00 contribution with a letter explaining that they could not accept this contribution.

Now we get this letter from you telling us we violated a federal act. I don't understand. First, the Supreme Court of Washington lets all the utilities off the hook leaving us with practically nothing. Then, when we contribute a nominal amount to a group representing our interest, a contribution which they returned, we are advised that we have violated a federal law. This progression of events is certainly irritating from our perspective. It is tempting at this point to ask several "why" questions that probably don't have good answers.

Please advise as to what steps need to be taken to pursue pre-probable cause conciliation. We would like to clear this matter up at the earliest possible date.

Sincerely,

*George J. Vande Werken*

George J. Vande Werken  
Senior Vice President

91040880373



# Municipal Bond Investors Committee

WPPSS PAC

RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

88 AUG 29 AM 10:57  
P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

Mr. Philip Wise  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Wise:

SUBJECT: MUR 2600  
Richard Lehmann & Associates

The Municipal Bond Investors Committee, was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors. Since our support is wholly from small individual investors and since we have no paid professional staff, the committee was organized and run without the help of legal counsel, which it could not afford. As a result, certain errors were made in how the committee was set up and began to report.

Our lack of knowledge in this became quickly known to your staff and led to the audit which resulted in your findings. In all these matters we have been co-operative with your personnel in attempting to correct any procedural errors. All audit findings were addressed and corrected and all subsequent reports have now been corrected to reflected the audit restatements.

Regarding the checks received from Richard Lehmann & Associates, Inc., as we advised the auditors at the time these were not contributions. These funds were reimbursements to the PAC for checks written by the PAC for the benefit of Richard Lehmann & Associates. These transactions were entered into to avoid check fund clearing delays and no other reason. Since there was no contribution, but rather a reimbursement for checks drawn, we don't believe a violation of the rules has occurred. You will note in fact from the audit report that the checks written by the PAC preceded the receipt of funds from Richard Lehmann & Associates further supporting my argument that these checks were in payment of a receivable and not a contribution.

RECEIVED  
FEDERAL ELECTION COMMISSION

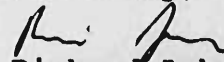
88 AUG 29 PM 12:32

91040880374



We will of course avoid such practices in the future to prevent any further misunderstandings. We do wish to pursue a pre probable cause conciliation of this matter to put it to rest.

Sincerely,



Richard Lehmann  
Treasurer

91040880375

# Municipal Bond Investors Committee

WPPSS PAC

FEDERAL ELECTION COMMISSION  
MAIL ROOM

ACC#257

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

88 AUG 29 AM 9:10

P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

Mr. Philip Wise  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Wise:

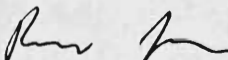
SUBJECT: MUR 2600  
National WPPSS 4 & 5 Bondholders  
Committee

The Municipal Bond Investors Committee, was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors. Since our support is wholly from small individual investors and since we have no paid professional staff, the committee was organized and run without the help of legal counsel, which it could not afford. As a result, certain errors were made in how the committee was set up and began to report.

Our lack of knowledge in this became quickly known to your staff and led to the audit which resulted in your findings. In all these matters we have been co-operative with your personnel in attempting to correct any procedural errors. All audit findings were addressed and corrected and all subsequent reports have now been corrected to reflected the audit restatements.

Regarding the contributions by the National WPPSS Bondholders Committee, these funds were in fact loans to the PAC to get it started. Such loans were put on the books as such and subsequently repaid in order to comply with the rules. No such loans are any longer being made to the PAC. We are interested in pursuing a pre probable cause conciliation in this matter as well.

Sincerely,

  
Richard Lehmann  
Treasurer

88 AUG 29 PM 12:31

RECEIVED  
FEDERAL ELECTION COMMISSION

91040880376

# Municipal Bond Investors Committee

WPPSS PAC

600#256  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

88 AUG 29 11 29 AM  
P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

August 22, 1988

Mr. Philip Wise  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Wise:

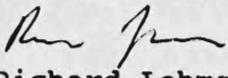
SUBJECT: MUR 2600  
Municipal Bond Investors Committee

91040880377  
The Municipal Bond Investors Committee, was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors. Since our support is wholly from small individual investors and since we have no paid professional staff, the committee was organized and run without the help of legal counsel, which it could not afford. As a result, certain errors were made in how the committee was set up and began to report.

Our lack of knowledge in this became quickly known to your staff and led to the audit which resulted in your findings. In all these matters we have been co-operative with your personnel in attempting to correct any procedural errors. All audit findings were addressed and corrected and all subsequent reports have now been corrected to reflected the audit restatements.

We are interested in pursuing a pre-probable cause conciliation of this matter. As Treasurer of the committee, I will represent it in lieu of counsel since we have no real issues we wish to dispute with the Commission. We recognize the Commission's authority to assess fines in this situation and would just like to point out that this violation was our first and resulted from unfamiliarity with the rules rather than an attempt to conceal facts.

Sincerely,

  
Richard Lehmann  
Treasurer

88 AUG 29 PM 12:31  
FEDERAL ELECTION COMMISSION

**Municipal Bond Investors Committee**  
**WPPSS PAC**

QCC#251

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

Mr. Philip Wise  
Federal Election Commission  
Washington, D.C. 20463

Dear Mr. Wise:

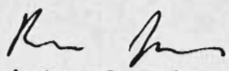
SUBJECT: MUR 2600  
Bondholders Protective Association  
Inc.

The Municipal Bond Investors Committee, was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors. Since our support is wholly from small individual investors and since we have no paid professional staff, the committee was organized and run without the help of legal counsel, which it could not afford. As a result, certain errors were made in how the committee was set up and began to report.

Our lack of knowledge in this became quickly known to your staff and led to the audit which resulted in your findings. In all these matters we have been co-operative with your personnel in attempting to correct any procedural errors. All audit findings were addressed and corrected and all subsequent reports have now been corrected to reflected the audit restatements.

Regarding the contribution by The Bondholders Protective Association, we have refunded the \$1500 contribution and so evidenced to the auditors. We are interested in pursuing a pre probable cause conciliation on this matter to put it to rest.

Sincerely,

  
Richard Lehmann  
Treasurer

88 AUG 29 PM 12:32

RECEIVED  
FEDERAL ELECTION COMMISSION

88 AUG 29 AM 10:42

RECEIVED  
FEDERAL ELECTION COMMISSION

910048880378

600# 281

LAWRENCE M. LEVINSON  
THOMAS B. BURNS  
ROBERT E. SEYMOUR  
WILLIAM H. CLARKE  
GEORGE M. FORD  
BARRY L. SOLAR  
HOWARD D. MEDVED  
SAMUEL P. BEARS, JR.  
JOHN A. DONOVAN, JR.  
NORMAN C. SPECTOR  
CHARLES MARK PURCOLO  
MARTIN B. SHULIN  
STEVEN C. GOODWIN  
LAWRENCE G. CETRULO  
RUSSELL F. CONN  
BOB B. ROSENTHAL  
JAMES F. KAVANAUGH, JR.  
THOMAS E. FISCH  
WILLIAM E. MODER  
ELANIE M. MCNARTY  
PETER J. SCHNEIDER  
TRAVER CLINTON SMITH, JR.

MELVIN A. BARSHAN  
PAUL E. EISENBERG  
RICHARD E. NAPLAN  
CHRISTOPHER A. JANSAN  
MICHAEL WEISSBERG  
DAVID STRAUSS  
SUSAN M. BARNARD  
DAVID M. GORDON  
JOHN J. MCGRANEY  
MICHAEL J. GRACE  
DAVID P. ROSENBLATT  
PAUL ALAN RUFO  
PETER F. ZUPCOWSKA  
EDWARD J. KRUG  
KATHLEEN A. SCRUTON  
JOEL S. FREEDMAN  
BARRY E. GOLD  
BARBARA S. HAMELBURG  
DAVID R. SULLIVAN  
RAYMOND E. BAXTER  
ANN C. EGAN

**BURNS & LEVINSON**  
**COUNSELLORS AT LAW**  
**50 MILK STREET**  
**BOSTON, MASSACHUSETTS 02108**  
**(617) 451-3300**  
**TELECOPIER (617) 451-9780**

ANNET L. BRUSH  
CHRISTOPHER A. DUGGAN  
STEPHEN P. HAYES  
GAIL M. O'CONNOR  
JAMES S. FLOQUIN  
ROBERT C. RIVES, JR.  
MICHAEL R. GOTTFRED  
JOHN S. SAVOCA  
NANCY KELLY  
RANDOLPH L. SMITH  
ROBERT J. CONDY  
DANA C. BLAKLEE  
ANDREW P. BROWN  
MARK M. CHRISTOPHER  
JAY S. GREGORY  
DOROTHY ANNE HURD  
CONSTANCE M. MCGRANE  
DANIEL HOOK  
ANN M. RISSO  
ANNE E. SARGEANT  
JOHN P. WALKER  
KEVIN E. YOUNG  
MARGOT AMES CLOWER

ELIZABETH L. HOLMES  
EVELYN A. MARALAMPU  
JEFFREY D. STERNKAR  
THOMAS D. COOPER  
JEFFREY S. MICHAELSON  
CLARE M. HOWE  
MARY ELIZABETH VAN DYCK  
SUSAN A. MAZE  
BRUCE A. HAMILTON  
WARREN E. TOLMAN  
SUZANNE SHELTON  
JOHN E. BOWEN  
LAWRENCE J. McNALLY, JR.  
STEVEN L. CHARLIP  
DANIEL R. DAMARCO  
CYNTHIA J. HELENEK  
KEVIN G. KENNEALLY  
JENNIFER L. LAURO  
ELIZABETH J. MAILLET  
SARAH BORSTEL PORTER  
PAMELA S. SHAPIRO  
GARY W. SMITH  
GEORGE B. TSANDIKOS

August 30, 1988

Office of the General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463  
Attn: Phillip L. Wise, Esq.

Re: MUR 2600: Comfelt Sales Corporation

Dear Sir:

Reference is made to a letter from the Federal Election Commission to Comfelt Sales Corporation dated August 17, 1988. Enclosed please find a "Statement of Designation of Counsel" executed on behalf of Comfelt Sales Corporation designating counsel for Comfelt Sales Corporation.

Please be advised that Comfelt Sales Corporation hereby requests "pre-probable cause conciliation" in this matter pursuant to 11 C.F.R. §111.18(d).

Comfelt Sales Corporation has advised us of the following facts in connection with this matter which may be relevant to the Commission's consideration of this matter:

On June 25, 1986 Comfelt Sales Corporation made a \$50.00 contribution to the Municipal Bond Investors Committee in response to a solicitation from such Committee for contributions from holders of Washington Public Power Supply System 4/5 Bonds. Comfelt Sales Corporation was a holder of such bonds and had no reason to believe that the activities of the Committee or the making of a contribution to the Committee would violate any law or regulation. Comfelt Sales Corporation had no intent to violate 2 U.S.C. §441b(a) by making such a contribution, if indeed such a violation has occurred.

In February, 1988 a check in the amount of \$50.00 (the amount of the contribution made in June 1986) was returned to Comfelt Sales Corporation by the Municipal Bond Investors Committee.

**HAND DELIVERED**

RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM  
88 SEP - 1 AM 11:02

RECEIVED  
FEDERAL ELECTION COMMISSION  
88 SEP - 1 PM 1:04

91040880379

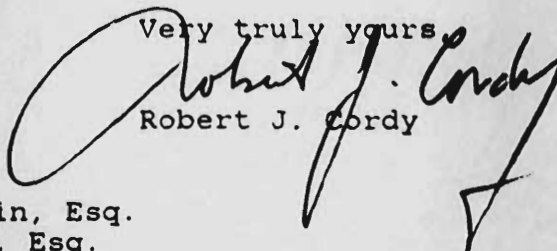


Office of the General Counsel  
Attn: Phillip L. Wise, Esq.  
August 30, 1988  
Page 2

No further contributions to such Committee have been made by the Comfelt Sales Corporation.

I hope this information will be of assistance to you. Please contact the undersigned at (617) 451-3300 with any questions you may have.

Very truly yours,



Robert J. Cordy

RJC/smm

cc: Robert W. Weinstein, Esq.  
Raymond E. Baxter, Esq.  
Comfelt Sales Corporation

91040880380

**STATEMENT OF DESIGNATION OF COUNSEL**

**MUR** 2600

**NAME OF COUNSEL:** Robert J. Cordy, Esq., Robert W. Weinstein, Esq. and  
Raymond E. Baxter, Esq.

**ADDRESS:** Burns & Levinson

50 Milk Street

Boston, MA 02109

**TELEPHONE:** (617) 451-3300

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.

CONFELT SALES CORPORATION

August 29, 1988  
**Date**

By:

Signature

Herbert A. Goldberg, President

**RESPONDENT'S NAME:** Comfelt Sales Corporation

**ADDRESS:** 211 Congress Street

Boston, MA 02110

**HOME PHONE:** \_\_\_\_\_

**BUSINESS PHONE:** (617) 423-3445

91040880381

RECEIVED  
FEDERAL ELECTION COMMISSION  
FARM BUREAU  
88 SEP 20 1988  
**Insurance**

**NORTH CAROLINA  
FARM BUREAU**

OGC 466  
RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM  
88 SEP 21 AM 10:19

**MUTUAL INSURANCE COMPANY**

TELEPHONE (919) 782-1705 P. O. BOX 27427 RALEIGH, NORTH CAROLINA 27611  
September 19, 1988

Mr. Phillip L. Wise  
Federal Election Commission  
Washington, D. C. 20463

Re: **MUR 2600**  
North Carolina Farm Bureau Mutual Insurance Company, Inc.

Dear Mr. Wise:

As we discussed during our recent telephone conversation, North Carolina Farm Bureau Mutual Insurance Company, Inc., does not have much more in the way of additional information to provide to the Commission other than the information previously submitted by my letter dated August 23, 1988. In light of that fact, North Carolina Farm Bureau Mutual Insurance Company will not be submitting sworn statements at this time, but will submit them at a later time if necessary.

We would like to point out, as I discussed with you by telephone, that two of the officers of the National WPPSS Four and Five Bondholders Committee, Mr. Arthur Hoffer and Mr. Richard Lehmann, were also officers in the Municipal Bond Investors Committee (WPPSS PAC). Due to the similarity of the information contained in the Municipal Bond Investors Committee newsletter and the National WPPSS Four and Five Bondholders Committee newsletter, as well as the request for money, the accountant for the North Carolina Farm Bureau Mutual Insurance Company failed to realize that the money to be contributed to the Municipal Bond Investors Committee was actually a contribution to a political action committee.

At the time the contribution was made, the accountant thought the money was being contributed simply to obtain additional information concerning claims to collect money for bondholders hurt by default of the Washington Public Power Supply System. The money sent by the Insurance Company was not intended to be contributed to a political action committee.

In light of the foregoing, we would hope that the Commission will determine that no action need be taken against North Carolina Farm Bureau Mutual Insurance Company, Inc.

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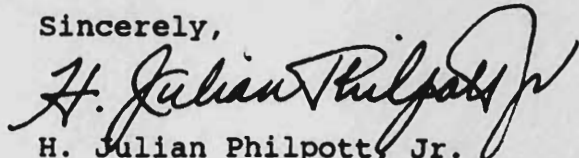
Mr. Phillip L. Wise  
September 19, 1988  
Page Two

FEDERAL ELECTION COMMISSION  
MAIL ROOM

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I appreciate your discussing this matter with me. If you need additional information from the Company concerning this matter, please do not hesitate to contact me.

Sincerely,

  
H. Julian Philpott, Jr.  
Associate General Counsel

HJP:db

91040880383



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

March 3, 1989

Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 NW 60th Avenue  
Miami Lakes, FL 33014

RE: MUR 2600  
Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and Richard Lehmann, as treasurer

Dear Mr. Lehmann:

On January 9, 1989, you requested that the Federal Election Commission permit Municipal Bond Investors Committee (Bond Investors Association, Inc.) and Richard Lehmann, as treasurer ("Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of the ongoing enforcement matter involving your Committee, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

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

Sincerely,

Lawrence M. Noble  
General Counsel

By: Lois G. Lerner  
Associate General Counsel

91040880384



In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and Richard Lehmann, as treasurer

Bondholders Protective Association, Inc.

National Washington Public Power Supply  
System Bondholders Committee, Inc.

Richard Lehmann & Associates, Inc.

Confelt Sales Corporation

North Carolina Farm Bureau Mutual Insurance  
Company, Inc.

Bank of Highland

Platte Valley Bank

89 MAR 20 AM 10:54  
MOR 2600

**SENSITIVE**

**EXECUTIVE SESSION**

**MAR 28 1989**

**GENERAL COUNSEL'S REPORT**

**I. Municipal Bond Investors Committee (Bond Investors Association, Inc.) and Richard Lehmann, as treasurer**

**A. Background**

The Municipal Bond Investors Committee ("MBIC") was referred to the Office of the General Counsel by the Audit Division for failure to file a Statement of Organization, and for receipt of corporate contributions. On August 12, 1988 the Commission found reason to believe that MBIC violated 2 U.S.C. §§ 433(a), for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file

1/ Richard Lehmann, the treasurer of the Municipal Bond Investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices received by these respondents and requested pre-probable cause conciliation on behalf of each. The responses make the same contention, that the lack of knowledge and unfamiliarity with the rules were the reasons for any violations.

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its 1986 April, July, and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from incorporated entities.

On August 29, 1988, MBIC submitted its response requesting pre-probable cause conciliation. (Attachment 1). Respondents contend that any violation of the Act was due to their unfamiliarity with the rules rather than an attempt to conceal facts. According to Respondents MBIC was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. "This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors." Respondents point out that they have been subjected to audit by the Commission, and that all audit findings were addressed and corrected. Respondents also alleged that MBIC is supported by small individual investors, and run without the help of legal counsel, which it could not afford.

The corporations making contributions to the Committee are as follows: Bondholders Protective Association, Inc. (\$1,500.00); National Washington Public Power Supply System Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau Mutual Insurance Company, Inc. (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00).

B. Discussion of Conciliation Provisions and Civil Penalty

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II. Bondholders Protective Association, Inc. ("BPA")

A. Background

On August 12, 1988, the Commission found reason to believe that BPA violated 2 U.S.C. § 441b(a). On August 29, 1988, Richard Lehmann on behalf of BPA submitted its response requesting pre-probable cause conciliation. (Attachment 3).

B. Discussion of Conciliation Provisions and Civil Penalty

III. National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP")

A. Background

On August 12, 1988, the Commission found reason to believe that NWPP violated 2 U.S.C. § 441b(a). On August 29, 1988, Richard Lehmann on behalf of NWPP responded requesting pre-probable cause conciliation. (Attachment 5). Respondent contended that the contributions by NWPP were loans to MBIC to get it started. NWPP also asserts that the loans were repaid to comply with "the rules", and loans are no longer being made to MBIC.

B. Discussion of Conciliation Provisions and Civil Penalty

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IV. Richard Lehmann & Associates, Inc.

A. Background

On August 12, 1988, the Commission found reason to believe that Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a). On August 29, 1988, this Respondent requested pre-probable cause conciliation. (Attachment 7). In this response Respondent contends that the checks written to MBIC were reimbursements for checks written by MBIC for the benefit of the Respondent, and were not contributions. Respondent also contends that the fact that the checks written by MBIC preceded the receipt of funds from Respondent is evidence that the transactions were reimbursements and not contributions.

Even if the funds given to MBIC were reimbursements for loans pursuant to 11 C.F.R. § 100.7(a)(1)(i)(E), if a political committee makes a loan to any person, such loan shall be subject to the limitations of 11 C.F.R. Part 110. Repayment of the principal amount of such loan to such political committee shall not be a contribution by the debtor to the lender committee; however, such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. § 110.4(a) and Part 114. In the present matter any such repayment was made with corporate funds. According to the Audit Division, Respondent used committee funds and corporate funds as though they were one. Therefore, the so-called reimbursement resulted in impermissible corporate funds being given to a federal campaign committee.

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B. Discussion of Conciliation Provisions and Civil Penalty

V. Comfelt Sales Corporation

On August 12, 1988, the Commission found reason to believe that Comfelt Sales Corporation violated 2 U.S.C. § 441b(a). On September 1, 1988, Respondent requested pre-probable cause conciliation. (Attachment 9).

This response acknowledges that on June 25, 1986, Comfelt Sales Corporation made a \$50.00 contribution to the Municipal Bond Investors Committee. Respondent asserts it had no reason to believe that the contribution would violate any law or regulation. In February of 1988, this unlawful corporate contribution was refunded by the Municipal Bond Investors Committee.

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In view of the facts that the contribution was small and was made only after solicitation was received from MBIC; that the contribution was refunded; and that Respondent was a holder of some WPPSS defaulted bonds, the Office of the General Counsel recommends that the Commission take no further action against Comfelt Sales Corporation in this matter.

VI. Bank of Highland

On August 12, 1988, the Commission found reason to believe that the Bank of Highland violated 2 U.S.C. § 441b(a). On August 29, 1988, Respondent requested pre-probable cause conciliation. (Attachment 10).

On August 30, 1986, the Bank of Highland made a \$50.00 contribution to the Municipal Bond Investors Committee. This unlawful contribution by the bank was refunded. The Respondent asserts that it had lost approximately \$80,000 due to the default of the WPPSS bonds and only made the contribution because MBIC was pursuing the possible remedies. The indications are that respondent did not know its contribution was unlawful.

Based on the facts that the contribution was small, refunded, and made without knowledge as to its illegality, the Office of the General Counsel recommends that the Commission take no further action against the Bank of Highland in this matter.

VII. North Carolina Farm Bureau Mutual Insurance Company ("NCF")

On May 20, 1986, NCF made a \$50.00 contribution to the Municipal Bond Investors Committee. On February 3, 1988, this unlawful corporate contribution was refunded. On August 12,

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1988, the Commission found reason to believe that NCF violated 2 U.S.C. § 441b(a). On August 25, 1988, Respondent requested pre-probable cause conciliation. In addition, Respondent requested an extension of time until September 22, 1988, to make a further response. (Attachment 11). This extension of time was granted. On September 21, 1988, the Commission received NCF's additional response. (Attachment 12).

Respondent claims the person at the Insurance Company, who sent the check to the Municipal Bond Investors Committee in May, 1986, was totally unaware that the money was being sent to a political action committee. "Prior to May, 1986 the Insurance Company had been receiving newsletters and correspondence from the National WPPSS Four and Five Bondholders Committee concerning the WPPSS default and bondholders' claims. The various newsletters requested bondholders to contribute money to defray expenses of the committee in determining the types and amounts of claims that were to be made under various lawsuits in progress. Those newsletters did not indicate that the National WPPSS Four and Five Bondholders Committee was forming a political action committee." Respondent also furnished copies of checks written before any political action committee was established. NCF asserts that these checks support its contention that the \$50.00 check written after the establishment of a political action committee appeared to be going to the same entity.

Accordingly, the Office of the General Counsel recommends that the Commission take no further action against NCF in this matter.

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**VIII. Platte Valley Bank**

On August 12, 1988, the Commission found reason to believe that Platte Valley Bank violated 2 U.S.C. § 441b(a). On August 17, 1988, notice was mailed to the respondent's Kansas address, as listed in the reports filed by the Municipal Bond Investors Committee. This notice was returned undelivered. Information received indicates that there is no such Post Office, city, or bank named Platte Valley within the state of Kansas. After more investigation into this respondent, the Office of the General Counsel will submit an additional report with recommendations as to this respondent.

**RECOMMENDATIONS**


1. Enter into conciliation with the following respondents prior to a finding of probable cause to believe:
  - a.) Municipal Bond Investors Committee (Bond Investors Association, Inc.) and Richard Lehmann, as treasurer.
  - b.) Bondholders Protection Association, Inc.
  - c.) National Washington Public Power Supply System Bondholders Committee, Inc.
  - d.) Richard Lehmann & Associates, Inc.
2. Take no further action and close the file as it pertains to the following respondents:
  - a.) North Carolina Farm Bureau Mutual Insurance Company, Inc.
  - b.) Bank of Highland
  - c.) Comfelt Sales Corporation

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3. Approve the attached proposed conciliation agreements and letters.

Lawrence M. Noble  
General Counsel

3/17/89  
Date

By:   
Lois G. Lerner  
Associate General Counsel

Attachments

1. Request for conciliation by MBIC.
2. Proposed conciliation agreement with MBIC.
3. Request for conciliation by BPA.
4. Proposed conciliation agreement with BPA.
5. Request for conciliation by NWPP.
6. Proposed conciliation agreement with NWPP.
7. Request for conciliation by Richard Lehmann & Associates, Inc.
8. Proposed conciliation agreement with Richard Lehmann and Associates.
9. Request for conciliation by Comfelt Sales Corporation.
10. Request for conciliation by Bank of Highland.
11. Request for conciliation by NCF.
12. Additional response by NCF.
13. Proposed letters. (7).

Staff Assigned: Phillip L. Wise

91040880398





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / JOSHUA MCFADDEN *JM*  
COMMISSION SECRETARY

DATE: MARCH 22, 1989

SUBJECT: OBJECTIONS TO MUR 2600 - General Counsel's Report  
Signed March 17, 1989

The above-captioned document was circulated to the  
Commission on Monday, March 20, 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	<u>X</u> <i>w/d 3-23-89</i>
Commissioner Josefiak	<u>X</u>
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	<u>X</u>

This matter will be placed on the meeting agenda  
for March 28, 1989.

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

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**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D C 20463

**MEMORANDUM**

**TO: MARJORIE W. EMMONS**  
**SECRETARY TO THE COMMISSION**

**FROM: LEE ANN ELLIOTT** *LAE ar*  
**COMMISSIONER**

**DATE: MARCH 23, 1989**

**SUBJECT: MUR 2600**

I withdraw my objection to MUR 2600, General Counsel's Report signed March 17, 1989, and wish to be recorded as not voting.

Thank you.

89 MAR 23 AM 11:49

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and Richard Lehmann, as treasurer )

Bondholders Protective Association, Inc.)

National Washington Public Power Supply )  
System Bondholders Committee, Inc. )

Richard Lehmann & Associates, Inc. )

MUR 2600

Comfelt Sales Corporation )

North Carolina Farm Bureau Mutual )  
Insurance Company, Inc. )

Bank of Highland )

Platte Valley Bank )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the  
Federal Election Commission executive session of April 6,  
1989, do hereby certify that the Commission decided by a  
vote of 6-0 to return the March 17, 1989 report on MUR 2600  
to the Office of General Counsel.

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

Attest:

4-7-89

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

91040880401



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

August 4, 1989

Certified Mail  
Receipt Return Requested

Platte Valley Bank  
North Bend, Nebraska 68649

RE: MUR 2600  
Platte Valley Bank

Dear Sir/Madam:

On August 17, 1988, the Federal Election Commission attempted to mail you notice of the Commission's finding that there is reason to believe Platte Valley Bank violated 2 U.S.C. § 441b(a) with regard to a \$25.00 contribution to the Municipal Bond Investors Committee on June 25, 1986. A copy of the initial mailing and its accompanying Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached hereto.

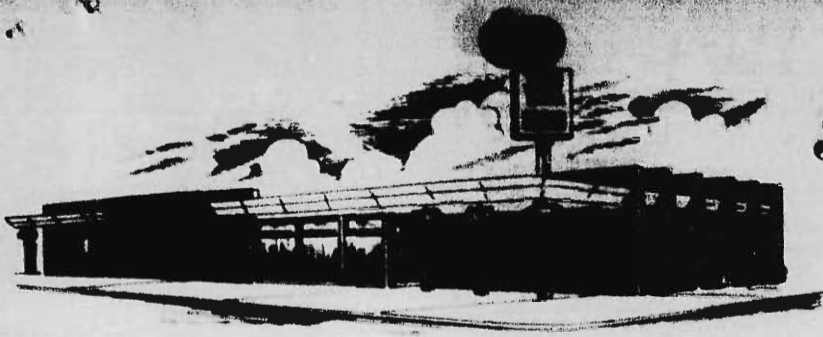
Please respond as per the attached letter dated August 17, 1988. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

George F. Rishel  
Assistant General Counsel

Enclosures

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RECEIVED  
ELECTION COMMISSION  
MAIL ROOM

044 3784

# Platte Valley Bank

NORTH BEND, NEBRASKA 68649

PHONE (402) 652-3221

August 15, 1989

Phillip L. Wise  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 2600  
Platte Valley Bank

Dear Mr. Wise:

In accordance with our conversation this morning regarding our bank's \$25.00 contribution to the Municipal Bond Investors Committee, enclosed please find copies of a refund check and letter not accepting our contribution. Our small contribution was intended to help in defraying the committee's legal expenses and I was not aware that we had violated any Federal Election Commission laws.

I apologize for our error and inconvenience your office has had in locating us. Please be assured that the bank will make no future contributions, large or small, that would violate any of our election laws and regulations.

Very truly yours,

Thomas E. Wolf  
President

TEW/er  
enc.

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FEDERAL ELECTION COMMISSION  
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Platte Valley Bank  
WPPSS PAC

Chairman—Arthur Hoffer  
Treasurer—Richard Lehmann  
Secretary—Mert Freeman

P.O. Box 4634  
Hialeah, FL 33014  
(305) 557-1454

February 3, 1988

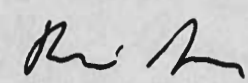
Platte Valley Bank  
North Bend, NE 68649

Attn: Thomas Wolfe

Dear Mr. Wolfe:

Enclosed is a refund check for \$25 for your contribution of June 1986 to the Committee. Federal Election rules do not allow PAC Committees to accept contribution from corporate bank accounts. If you wish to make this contribution, please issue the check on an individual account.

Sincerely,



Richard Lehmann

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Enclosure

*Eva deposited to Donations*  
*2-8-88*

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**MUNICIPAL BOND INVESTORS COMMITTEE**

**1096**

A/K/A W.P.S.S. P.A.C.  
6001 N. W. 153RD ST., SUITE 200-C  
MIAMI LAKES, FL 33014

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PAY TO THE ORDER OF Plastic Volving Service

\$ 25-

Tuesday Feb 2 1983

DOLLARS



ENTERPRISE BANK OF FLORIDA  
6175 NW. 153RD STREET  
MIAMI LAKES, FL 33014

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FOR

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BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of	)	
	)	
Municipal Bond Investors Committee	)	
(Bond Investors Association, Inc.)	)	
and Richard Lehmann, as treasurer	)	
	)	
Bondholders Protective Association, Inc.	)	
	)	
National Washington Public Power Supply	)	MUR 2600
System Bondholders Committee, Inc.	)	
	)	
Richard Lehmann & Associates, Inc.	)	
	)	
Comfelt Sales Corporation	)	
	)	
North Carolina Farm Bureau Mutual	)	
Insurance Company, Inc.	)	
	)	
Bank of Highland	)	
	)	
Platte Valley Bank	)	

GENERAL COUNSEL'S REPORT

I. Background

A. Municipal Bond Investors Committee (Bond Investors Association, Inc.) and Richard Lehmann, as treasurer<sup>1</sup>

The Municipal Bond Investors Committee ("MBIC") was referred to the Office of the General Counsel by the Audit Division for failure to file a Statement of Organization, and for receipt of corporate contributions. On August 12, 1988, the Commission found reason to believe MBIC violated 2 U.S.C. §§ 433(a), for

1. Richard Lehmann, the treasurer of Municipal Bond Investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices received by these respondents and requested pre-probable cause conciliation on behalf of each. The responses make the same contention, that the lack of knowledge and unfamiliarity with the rules were the reasons for any violations.

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failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April, and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from incorporated entities.

On August 29, 1988, MBIC submitted its response requesting pre-probable cause conciliation.<sup>2</sup> (Attachment 1). Respondents contend that any violation of the Act was due to their unfamiliarity with the rules rather than an attempt to conceal facts. According to Respondents MBIC was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. "This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors." Respondents contend that they have been subjected to audit by the Commission, and that all audit findings were addressed and corrected. Respondents also alleged that MBIC is supported by small individual investors, and run without the help of legal counsel, which it could not afford.

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2. On March 20, 1989 this Office circulated a report recommending entering into preprobable cause conciliation with Municipal Bond Investors Committee, Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. After discussions during the Commission's Executive Session on April 6, 1989, the report was returned to the Office of the General Counsel. Based on the Commission discussion and further review this Office now recommends further investigation.

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The corporations making contributions to the Committee are as follows: Bondholders Protective Association, Inc. (\$1,500.00); National Washington Public Power Supply System Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau Mutual Insurance Company, Inc. (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00).

MBIC has contended that all audit findings have been addressed and corrected. To date MBIC has not provided proof of the required repayment of corporate funds. However, its 1986 report was amended to indicate the corporate funds not refunded as a debt owed, which was recommended in the interim audit report. Inquiry is necessary into its progress in refunding these corporate funds. Clarification is also needed regarding MBIC's relationship with the various other committees and corporations which are respondents in this matter.

In light of the above, this Office recommends that the Commission deny MBIC's request to enter into pre-probable cause conciliation, and authorize the issuing of a subpoena to answer questions and produce documents.

B. Bondholders Protective Association, Inc. ("BPA")

On August 12, 1988, the Commission found reason to believe that BPA violated 2 U.S.C. § 441b(a). On August 29 1988, Richard Lehmann on behalf of BPA submitted its response requesting pre-probable cause conciliation. BPA also contended that its contributions totaling \$1,500.00 to MBIC were refunded. (Attachment 2).

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MBIC has not furnished sufficient proof that this \$1,500 was refunded, and there are questions as to the relationship between the debtor committee with the creditor corporation. Therefore, this Office recommends a denial of BPA's request to enter into pre-probable cause conciliation at this time.

C. National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP")

On August 12, 1988, the Commission found reason to believe that NWPP violated 2 U.S.C. § 441b(a). On August 29, 1988, Richard Lehmann on behalf of NWPP responded requesting pre-probable cause conciliation. Respondents contended that the contributions by NWPP were loans to MBIC to get it started. NWPP also asserts that the loans were repaid to comply with "the rules", and loans are no longer being made to MBIC. (Attachment 3).

MBIC failed to provide any documentation to evidence the alleged repayment of these loans to NWPP. In addition, the relationship between MBIC and NWPP needs clarification. Accordingly, this Office recommends the Commission deny NWPP's request to enter into pre-probable cause conciliation at this time.

D. Richard Lehmann & Associates, Inc.

On August 12, 1988, the Commission found reason to believe that Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a). On August 29, 1988, this Respondent requested pre-probable cause conciliation. (Attachment 4). In this response Respondent contends that the checks written to MBIC were

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reimbursements for checks written by MBIC for the benefit of the Respondent, and were not contributions. Respondent also contends that the fact that the checks written by MBIC preceded the receipt of funds from Respondent is evidence that the transactions were reimbursements and not contributions.

Even if the funds given to MBIC were reimbursements for loans pursuant to 11 C.F.R. § 100.7(a)(1)(i)(E) if a political committee makes a loan to any person, such loan shall be subject to the limitations .... Repayment of the principal amount of such loan to such political committee shall not be a contribution by the debtor to the lender committee; however, such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. § 110.4(a) and part 114. In the present matter any such repayment was made with corporate funds. According to the Audit Division, Respondent used committee funds and corporate funds as though they were one. Therefore, the so-called reimbursement resulted in impermissible corporate funds being given to a federal campaign committee.

Richard Lehmann is authorized to withdraw, transfer and receive money in this account, as with the accounts of Municipal Bond Investors Committee, Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc. This Office has proposed questions to clarify the relationship of these organizations and committees. Therefore, it is recommended that the Commission deny Richard Lehmann & Associates, Inc.'s request to enter into pre-probable cause conciliation at this time.

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**E. Comfelt Sales Corporation**

On August 12, 1988, the Commission found reason to believe that Comfelt Sales Corporation violated 2 U.S.C. § 441b(a). On September 1, 1988, Respondent requested pre-probable cause conciliation. (Attachment 5).

This response acknowledges that on June 25, 1986, Comfelt Sales Corporation made a \$50.00 contribution to the Municipal Bond investors Committee. Respondent asserts it had no reason to believe that the contribution would violate any law or regulation. In February of 1988, this unlawful corporate contributions was refunded by the Municipal Bond Investors Committee.

In view of the facts that the contribution was small and was made only after solicitation was received from MBIC; that the contribution was refunded; and that Respondent was a holder of some WPPSS defaulted bonds, the Office of the General Counsel recommends that the Commission take no further action against Comfelt Sales Corporation in this matter.

**F. Bank of Highland**

On August 12, 1988, the Commission found reason to believe that the Bank of Highland violated 2 U.S.C. § 441b(a). On August 29, 1988, Respondent requested pre-probable cause conciliation. (Attachment 6).

On August 30, 1986, the Bank of Highland made a \$50.00 contribution to the Municipal Bond Investors Committee. This unlawful contribution by the bank was refunded. The Respondent asserts that it had lost approximately \$80,000 due to the default

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of the WPPSS bonds and only made the contribution because MBIC was pursuing the possible remedies. The indications are that respondent did not know its contribution was unlawful.

Based on the facts that the contribution was small, refunded, and apparently made without knowledge as to its illegality, the Office of the General Counsel recommends that the Commission take no further action against the Bank of Highland in this matter.

G. North Carolina Farm Bureau Mutual Insurance Company  
("NCF")

On May 20, 1986, NCF made a \$50.00 contribution to the Municipal Bond Investors Committee. On February 3, 1988, this unlawful corporate contribution was refunded. On August 12, 1988, the Commission found reason to believe that NCF violated 2 U.S.C. § 441b(a). On August 25, 1988, Respondent requested pre-probable cause conciliation. In addition, Respondent requested an extension of time until September 22, 1988, to make a further response. (Attachment 7). This extension of time was granted. On September 21, 1988, the Commission received NCF's additional response. (Attachment 8).

Respondent claims the person at the Insurance Company, who sent the check to the Municipal Bond Investors Committee in May, 1986, was totally unaware that the money was being sent to a political action committee. "Prior to May, 1986 the Insurance Company had been receiving newsletters and correspondence from the National WPPSS Four and Five Bondholders Committee concerning the WPPSS default and bondholders' claims. The various

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newsletters requested bondholders to contribute money to defray expenses of the committee in determining the types and amounts of claims that were to be made under various lawsuits in progress. Those newsletters did not indicate that the National WPPSS Four and Five Bondholders Committee was forming a political action committee." Respondent also furnished copies of checks written before any political action committee was established. NCF asserts that these checks support its contention that the \$50.00 check written after the establishment of a political action committee appeared to be going to the same entity.

Accordingly, the Office of the General Counsel recommends that the Commission take no further action against NCF in this matter.

H. Platte Valley Bank

On August 12, 1988, the Commission found reason to believe that Platte Valley Bank violated 2 U.S.C. § 441b(a). On August 17, 1988, notice was mailed to the respondent's Kansas address, as listed in the reports filed by the Municipal Bond Investors Committee. This notice was returned undelivered. Information received indicated that there is no such Post Office, city, or bank named Platte Valley within the state of Kansas. After further investigation, respondent's address was found and notification mailed thereto. On August 17, 1989, this Office received Respondent's response. (Attachment 8(a)).

This response acknowledges that in June of 1986, Platte Valley Bank made a \$25.00 contribution to the Municipal Bond Investors Committee, which was refunded. Respondents assert that

91040880413



the contribution was "intended to help in defraying the committee's legal expenses and I was not aware that we had violated any Federal Election Commission laws."

In light of the facts that the contribution was small; that the contribution was refunded; and that Respondents contend they were unaware the contribution intended to defray legal expenses was a violation of Federal Election laws, the Office of the General Counsel recommends that the Commission take no further action against the Platte Valley Bank in this matter.

#### RECOMMENDATIONS

1. Decline, at this time, to enter into conciliation with the following respondents prior to a finding of probable cause to believe:

- a. Municipal Bond investors Committee (Bond Investors Association, Inc.) and Richard Lehmann, as treasurer.
- b. Bondholders Protection Association, Inc.
- c. National Washington Public Power Supply System Bondholders Committee, Inc.
- d. Richard Lehmann & Associates, Inc.

2. Decline to enter into preprobable cause conciliation, take no further action and close the file as it pertains to the following respondents:

- a. North Carolina Farm Bureau Mutual Insurance Company, Inc.
- b. Bank of Highland
- c. Comfelt Sales Corporation

91040880414



3. Take no further action and close the file as it pertains to the Platte Valley Bank.

4. Approve the attached proposed letters and subpoena, interrogatories, and request for production of documents.

Lawrence M. Noble  
General Counsel

Date 8/27/89

BY:

  
Lois G. Lerner  
Associate General Counsel

#### Attachments

1. Request for conciliation by MBIC
2. Request for conciliation by BPA
3. Request for conciliation by NWPP
4. Request for conciliation by Richard Lehmann & Associates, Inc.
5. Request for conciliation by Comfelt Sales Corporation
6. Request for conciliation by Bank of Highland
7. Request for conciliation by NCF
8. Additional response by NCF
- 8(a). Response from Platte Valley Bank
9. Proposed letters (5)
10. Subpoena to answer interrogatories and produce documents.

Staff Assigned: Phillip L. Wise

91040880415

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and Richard Lehmann, as treasurer

Bondholders Protective Association, Inc.

National Washington Public Power Supply  
System Bondholders Committee, Inc.

Richard Lehmann & Associates, Inc.

Comfelt Sales Corporation

North Carolina Farm Bureau Mutual  
Insurance Company, Inc.

Bank of Highland

Platte Valley Bank

MUR 2600

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal  
Election Commission, do hereby certify that on August 31,  
1989, the Commission decided by a vote of 5-0 to take  
the following actions in MUR 2600:

1. Decline, at this time to enter into conciliation with  
the following respondents prior to a finding of  
probable cause to believe:
  - a. Municipal Bond investors Committee  
(Bond Investors Association, Inc.)  
and Richard Lehmann, as treasurer.
  - b. Bondholders Protection Association,  
Inc.
  - c. National Washington Public Power  
Supply System Bondholders Committee,  
Inc.
  - d. Richard Lehmann & Associates, Inc.

(continued)

91040880416

2. Decline to enter into preprobable cause conciliation, take no further action and close the file as it pertains to the following respondents:
  - a. North Carolina Farm Bureau Mutual Insurance Company, Inc.
  - b. Bank of Highland
  - c. Comfelt Sales Corporation
3. Take no further action and close the file as it pertains to the Platte Valley Bank.
4. Approve the proposed letters and subpoena, interrogatories, and request for production of documents, as recommended in the General Counsel's Report dated August 24, 1989.

Commissioners Aikens, Elliott, Josefiak, McDonald, and McGarry voted affirmatively for the decision; Commissioner Thomas did not cast a vote.

Attest:

9/1/89

Date

*Hilda Arnold*

for Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat:  
Circulated on 48 hour tally basis:  
Deadline for vote:

Monday, August 28, 1989 4:25 p.m.  
Tuesday, August 29, 1989 11:00 a.m.  
Thursday, August 31, 1989 11:00 a.m.

91040880417



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

September 8, 1989

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue #240  
Miami Lakes, Florida 33014

RE: MUR 2600  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On August 17, 1988, you were notified that the Federal Election Commission had found reason to believe Municipal Bond Investors Committee (Bond Investors Association, Inc.) and you, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1) and 441b(a), and Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., violated 2 U.S.C. § 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. On August 29, 1988, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has reviewed your request and on August 31, 1989 determined to decline, at this time, to enter into conciliation prior to a finding of probable cause to believe because additional information is necessary.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena and order requiring you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended.

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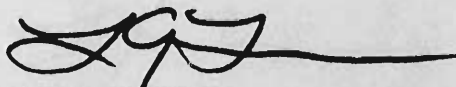
Richard Lehmann, Treasurer  
Page 2

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this subpoena and order. It is required that you submit all answers to questions under oath within 15 days of your receipt of this subpoena and order.

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

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Berner  
Associate General Counsel

Enclosure  
Subpoena and Order

91040880419



**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

)  
)  
) **MUR 2600**  
)

**SUBPOENA TO PRODUCE DOCUMENTS**  
**ORDER TO SUBMIT WRITTEN ANSWERS**

TO: Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue #240  
Miami Lakes, Florida 33014

Bond Investors Association, Inc.,  
Bondholders Protective Association, Inc.,  
National Washington Public Power Supply  
System Bondholders Committee, Inc.,  
Richard Lehmann & Associates, Inc.

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 15 days of receipt of this Order and Subpoena.

91040880420

MUR 2600  
Richard Lehmann  
Page 2

WHEREFORE, the Chairman of the Federal Election Commission  
has hereunto set his hand in Washington, D.C. on this 6<sup>th</sup>, day  
of September 1989.

Danny V. McDonald  
Danny V. McDonald, Chairman  
Federal Election Commission

ATTEST:

Hilda Arnold  
for Marjorie W. Emmons  
Secretary to the Commission

Attachments  
Document Request  
Questions

91040880421

MUR 2600  
Richard Lehmann  
page 3

### INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from January 1, 1985 to December 31, 1987.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

9104080422

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

9104080423



**QUESTIONS AND REQUEST FOR DOCUMENTS**

1. State the date when the Municipal Bond Investors Committee was established.
2. State the purpose the Municipal Bond investors Committee was established.
3. State whether the Municipal Bond Investors Committee was ever a lobbying organization.
4. State whether Richard Lehmann or MBIC ever registered under the Federal Regulation Of Lobbying Act as a lobbyist. If yes, provide a copy of documents evidencing such registration. If yes, provide a copy of all reports filed under the Lobbying Act.
  - a) Provide a list of all persons lobbied by Richard Lehmann or the Municipal Bond Investors Committee.
  - b) Include with 4(a) above the dates, places, and circumstances surrounding the lobbying activity in regard to each person, or organization lobbied.
  - c) Identify all disbursements made by Richard Lehmann or Municipal Bond Investors Committee for lobbying purposes. Include the dates, amounts, recipient, and circumstances surrounding each disbursement.
5. State the date when the Municipal Bond Investors Committee became a political committee and a federal political committee.
6. State the date when the Municipal Bond Investors Committee began making contributions to those seeking federal offices.
  - a) Provide a list of all contributions made to federal candidates since the inception of the Municipal Bond Investors Committee to present. Include the dates, places, and methods of making each contribution and the circumstances associated with the making of each contribution.

91040880424



7. State when the Municipal Bond Investors Committee began soliciting funds to be used as contributions to those seeking federal office. Provide copies of all solicitation materials used by the Municipal Bond Investors Committee.

8. State whether the Municipal Bond Investors Committee is a separate segregated fund. If yes, provide the name and a copy of incorporation documents of the connected organization.

9. An amendment to the Municipal Bond Investors Committee's 1986 Year End Report indicates a \$23,000 debt owed to National Washington Public Power Supply System Bondholders Committee, Inc.

a) State the nature of this debt.

b) State whether this debt has been paid. If yes, furnish a copy of the check, back and front, showing such payment.

10. An amendment to the Municipal Bond Investors Committee's First Quarter Report for 1987 indicates a \$10,000.00 "loan repayment" from National Washington Public Power Supply System Bondholders Committee, Inc.

a) Provide documentation to support this \$10,000 transaction. (Checks front and back, any loan agreements).

11. An amendment to the Municipal Bond Investors Committee's First Quarter Report for 1987 reports a disbursement as "loan made" of \$20,000.00 to National Washington Public Power Supply System Bondholders Committee, Inc.

a) State the date when this loan was made.

b) Provide documentation evidencing this loan. ( Checks front and back, any loan agreements, etc.)

c) State whether this loan has been repaid. If yes, provide documents to support such repayment. ( Checks front and back, receipts, etc.)

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12. An amendment to the Municipal Bond Investors Committee's Second Quarter Report for 1987 reports receipt of a \$10,000.00 "loan repayment" from National Washington Public Power Supply System Bondholders Committee, Inc.

- a) State the date when this loan was received.
- b) Provide documentation evidencing this loan. (Checks front and back, any loan agreements, receipts, etc.)

13. State whether Municipal Bond Investors Committee continues to receive loans, contributions, or any other funds from National Washington Public Power Supply System Bondholders Committee, Inc. If yes, provide the date and amount of each loan, contribution, etc. If no, provide the date and amount of the last loan, contribution, etc.

14. State the relationships or connections between Municipal Bond Investors Committee, Bond Investors Association, Inc., Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc.

- a) Provide a copy of the incorporation documents for each of the above.
- b) State whether any of the above share office space, officers, and staff. If yes, provide the address of each organization or corporation. If yes, provide the names and positions of each officer or staff person holds with the different committees, organizations, and corporations.

15. State how Municipal Bond Investors Committee, Bond Investors Association, Inc., Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc., are categorized for federal tax purposes.

- a) Provide a copy of any tax returns each of the above filed for 1985, 1986, 1987, and 1988.
- b) Provide a copy of any annual reports filed by each of the above with any state officials.

16. State whether Municipal Bond Investors Committee refunded the \$1,500 received from Bondholders Protective Association, Inc. If yes, provide a copy of the refund check, back and front.

91040880426



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

September 8, 1989

Robert J. Cordy, Esquire  
Burns & Levinson, Counsellors at Law  
50 Milk Street  
Boston, Massachusetts 02109

RE: MUR 2600  
Confelt Sales Corporation

Dear Mr. Cordy:

On August 17, 1988, your clients was notified that the Federal Election Commission found reason to believe that the Confelt Sales Corporation violated 2 U.S.C. § 441b(a). On September 1, 1988, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on August 31, 1989, to deny your client's request to enter into pre-probable cause conciliation, to take no further action against the Confelt Sales Corporation, and closed the file as it pertains to the Confelt Sales Corporation. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

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.

The Commission reminds you that the Confelt Sales Corporation's \$50.00 contribution to the Municipal Bond Investors Committee on June 25, 1986 appears to be a violation of 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

91040880427

Robert J. Cordy, Esquire  
Page 2

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

Sincerely,

Lawrence M. Noble  
General Counsel

By:   
Lois G. Lerner  
Associate General Counsel

91040880428





**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20461

September 8, 1989

H. Julian Philpott, Jr., Esquire  
North Carolina Farm Bureau  
Mutual Insurance Company  
P.O. Box 27427  
Raleigh, NC 27611

RE: MUR 2600  
North Carolina Farm Bureau  
Mutual Insurance Company

Dear Mr. Philpott:

On August 17, 1988, your client was notified that the Federal Election Commission found reason to believe that the North Carolina Farm Bureau Mutual Insurance Company violated 2 U.S.C. § 441b(a). On August 25 and September 21, 1988, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on August 31, 1989, to deny your client's request to enter into pre-probable cause conciliation, to take no further action against the North Carolina Farm Bureau Mutual Insurance Company and closed the file as it pertains to the North Carolina Farm Bureau Mutual Insurance Company. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

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.

The Commission reminds you that the North Carolina Farm Bureau Mutual Insurance Company's \$50.00 contribution to the Municipal Bond Investors Committee on May 20, 1986 appears to be a violation of 2 U.S.C. § 441b(a). Your clients should take immediate steps to insure that this activity does not occur in the future.

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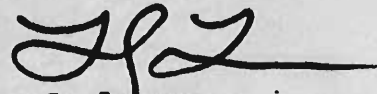


H. Julian Philpott, Jr.  
Page 2

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

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

91040880430



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 8, 1989

George J. Vande Werken  
Bank of Highland  
Highland, Indiana 46322

RE: MUR 2600  
Bank of Highland

Dear Mr. Vande Werken:

On August 17, 1988, you were notified that the Federal Election Commission found reason to believe that the Bank of Highland violated 2 U.S.C. § 441b(a). On August 29, 1988, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on August 31, 1989, to deny your request to enter into pre-probable cause conciliation, to take no further action against the Bank of Highland, and closed the file as it pertains to the Bank of Highland. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

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.

The Commission reminds you that the Bank of Highland's \$50.00 contribution to the Municipal Bond Investors Committee on April 30, 1986 appears to be a violation of 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

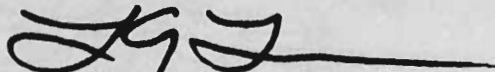
9104080431

George J. Vande Werken  
Page 2

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

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

91040880432



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 8, 1989

Thomas E. Wolf, President  
Platte Valley Bank  
North Bend, Nebraska 68649

RE: MUR 2600  
Platte Valley Bank

Dear Mr. Wolf:

On or about August 4, 1989, you were notified that the Federal Election Commission found reason to believe that Platte Valley Bank violated 2 U.S.C. § 441b(a). On August 17, 1989, you submitted a response to the Commission's reason to believe finding in this matter.

After considering the circumstances of the matter, the Commission determined on August 31, 1989, to take no further action against the Platte Valley Bank, and closed the file as it pertains to the Platte Valley Bank. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

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.

The Commission reminds you that the Platte Valley Bank's \$25.00 contribution to the Municipal Bond Investors Committee in June of 1986 appears to be a violation of 2 U.S.C. § 441b(a). You should take immediate steps to insure that this activity does not occur in the future.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

9104080433

09 SEP 14 AM 10:22

September 1, 1989

Ms. Lois Lerner  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 2600  
Municipal Bond Investors Committee

Dear Ms. Lerner:

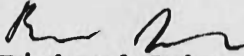
Further to your letter of March 3, 1989 please note the following:

1. While it may suit the FEC to deny a PAC the right to go out of business a lack of funds, like death, takes priority even over the 2 U.S.C. S 433 (d) and section 102.3 of the Commission's regulations.

Furthermore, I resigned some time back from the PAC and am no longer the Treasurer. This was in fact a voluntary, unsalarized position so you can hardly expect me to incur additional time and expense meeting your endless paperwork requests.

I entertained two of your auditors for one week here last year. Why it took two people one week to audit 75 transactions, I will never know other than that Miami is more pleasant place than Washington in the Winter. If you want any more information on this PAC, I will ship you all the records I have and you can sift through them to your hearts content, but I do not intend to waste any more of my time making mountains out of sandpiles.

Sincerely,

  
Richard Lehmann

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
09 SEP 14 PM 3:51

91040880434



REPORTS ANALYSIS REFERRAL

TO

OFFICE OF GENERAL COUNSEL

DATE: 6 October 1989

ANALYST: Donald L. Averett

I. COMMITTEE: Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
(C00213793)  
C. Richard Lehmann, Treasurer  
15327 NW 60th Avenue  
Miami Lakes, FL 33014

II. RELEVANT STATUTE: 2 U.S.C. §434(a)(4)(A)(iv)  
11 CFR 104.5(c)(2)(i)(A)

III. BACKGROUND:

Failure to File the 1989 Mid-Year Report

The Municipal Bond Investors Committee ("Bond Investors") has failed to file the 1989 Mid-Year Report of Receipts and Disbursements covering the period January 1, 1989 through June 30, 1989. Bond Investors was notified on June 26, 1989 that the report was due on July 31, 1989 (Attachment 2). A Non-Filer Notice was sent to Bond Investors on August 23, 1989 (Attachment 3).

On September 18, 1989, the Reports Analysis Division ("RAD") analyst called the treasurer of Bond Investors, Mr. C. Richard Lehmann. Mr. Lehmann told the RAD analyst that he filed a Termination Report, covering the period October 1, 1988 through December 31, 1988. The RAD analyst told Mr. Lehmann that he should still file reports until Bond Investors is notified of its termination. Mr. Lehmann said he would not file the 1989 Mid-Year Report (Attachment 4).

As of this date, the 1989 Mid-Year Report has not been filed.

IV. OTHER PENDING MATTERS INITIATED BY RAD:

91040880435

## FEDERAL ELECTION COMMISSION

1989-1990

DATE 27SEP89

COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

PAGE 2

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES TYPE OF FILER	MICROFILM LOCATION
MUNICIPAL BOND INVESTORS COMMITTEE (BOND INVESTORS ASSOCIATION, INC)						ID #C00213793 NON-PARTY NON-QUALIFIED
CONNECTED ORGANIZATION: BOND INVESTORS ASSOCIATION INC						
1989 NOTICE OF FAILURE TO FILE				1JAN89 -30JUN89	1	89FEC/608/1284
TOTAL		0	0	0	0	1 TOTAL PAGES

9 1 0 4 0 8 8 0 4 3 6

FEDERAL ELECTION COMMISSION  
1987-1988  
COMMITTEE INDEX OF DISCLOSURE DOCUMENTS - (C)

DATE 27SEP89

PAGE 1

COMMITTEE	DOCUMENT	RECEIPTS	DISBURSEMENTS	COVERAGE DATES	# OF PAGES	MICROFILM LOCATION
					TYPE OF FILER	
MUNICIPAL BOND INVESTORS COMMITTEE (BOND INVESTORS ASSOCIATION, INC)				ID #C00213793	NON-PARTY	NON-QUALIFIED
CONNECTED ORGANIZATION: BOND INVESTORS ASSOCIATION INC						
1987 MISCELLANEOUS REPORT	FROM FEC			4MAR87	4	87FEC/463/5180
STATEMENT OF ORGANIZATION				9MAR87	3	87FEC/462/2508
REQUEST FOR ADDITIONAL INFORMATION				25MAR87	2	87FEC/463/5226
STATEMENT OF ORGANIZATION - AMENDMENT				1APR87	3	87FEC/464/1281
STATEMENT OF ORGANIZATION - AMENDMENT				24APR87	3	87FEC/466/2255
REQUEST FOR ADDITIONAL INFORMATION 2ND				16APR87	1	87FEC/465/2409
APRIL QUARTERLY	125	8,718		1JAN87 -31MAR87	6	87FEC/473/1396
APRIL QUARTERLY - AMENDMENT	10,520	28,719		1JAN87 -31MAR87	5	88FEC/540/4029
APRIL QUARTERLY - AMENDMENT				1JAN87 -31MAR87	7	88FEC/549/1492
REQUEST FOR ADDITIONAL INFORMATION				1JAN87 -31MAR87	1	88FEC/543/4967
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN87 -31MAR87	2	88FEC/547/3536
JULY QUARTERLY	0	5,850		1APR87 -30JUN87	5	87FEC/473/1402
JULY QUARTERLY - AMENDMENT	10,000	5,850		1APR87 -30JUN87	7	88FEC/540/4022
JULY QUARTERLY - AMENDMENT	10,000	5,850		1APR87 -30JUN87	6	88FEC/545/3808
1'ST LETTER INFORMATIONAL NOTICE				1APR87 -30JUN87	1	87FEC/495/3020
REQUEST FOR ADDITIONAL INFORMATION				1APR87 -30JUN87	1	88FEC/543/4965
YEAR-END	810	1,965		1JUL87 -31DEC87	6	88FEC/499/2649
YEAR-END - AMENDMENT	910	2,366		1JUL87 -31DEC87	8	88FEC/530/4732
REQUEST FOR ADDITIONAL INFORMATION				1JUL87 -31DEC87	1	88FEC/533/5443
1988 APRIL QUARTERLY	4,531	4,902		1JAN88 -31MAR88	7	88FEC/516/0749
REQUEST FOR ADDITIONAL INFORMATION				1JAN88 -31MAR88	1	88FEC/528/0323
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JAN88 -31MAR88	2	88FEC/529/3075
JULY QUARTERLY	467	2,902		1APR88 -30JUN88	6	88FEC/532/4524
OCTOBER QUARTERLY	17,119	9,199		1JUL88 -30SEP88	40	88FEC/563/2155
REQUEST FOR ADDITIONAL INFORMATION				1JUL88 -30SEP88	1	89FEC/576/1001
REQUEST FOR ADDITIONAL INFORMATION 2ND				1JUL88 -30SEP88	2	89FEC/579/4905
NOTICE OF FAILURE TO FILE				28NOV88	1	89FEC/576/2279
YEAR-END - TERMINATED	65	10,236		1OCT88 -31DEC88	5	89FEC/576/4204
YEAR-END - AMENDMENT				1OCT88 -31DEC88	3	89FEC/590/0713
REQUEST FOR ADDITIONAL INFORMATION				1OCT88 -31DEC88	1	89FEC/586/3428
REQUEST FOR ADDITIONAL INFORMATION 2ND				1OCT88 -31DEC88	2	89FEC/589/4319
1989 MISCELLANEOUS REPORT	TO FEC			23JAN89	2	89FEC/578/5187
TOTAL	43,612	0	64,174	0	145	TOTAL PAGES

All reports listed above have been reviewed.  
Cash on Hand balance as of 12/31/88-- \$39.00  
Debts owed by/to the committee as of 12/31/89-- \$0.00

7 2 4 0 8 8 0 4 0 1 6

# REPORT NOTICE

## FEDERAL ELECTION COMMISSION

**PARTIES AND PACS**

June 26, 1989

REPORT	REPORTING PERIOD	REG./CERT.	FILING
		MAILING DATE*	DATE
Mid-Year	01/01/89** - 06/30/89	07/31/89	07/31/89

### WHO MUST FILE

PARTY COMMITTEES AND PACs (NONCONNECTED COMMITTEES AND SEPARATE SEGREGATED FUNDS) which normally file on a quarterly basis must file a Mid-Year Report in July.

### WHAT MUST BE REPORTED

All financial activity (not previously reported) that occurred during the reporting period.

### REPORTING FORMS

Party committees and PACs use Form 3X (enclosed).

### WHERE TO FILE

Consult the instructions on the back of the Form 3X Summary Page. Note State filing requirements also.

### LABEL

Committees should affix the peel-off label from the envelope to Line 1 of the report. Corrections should be made on the label.

### COMPLIANCE

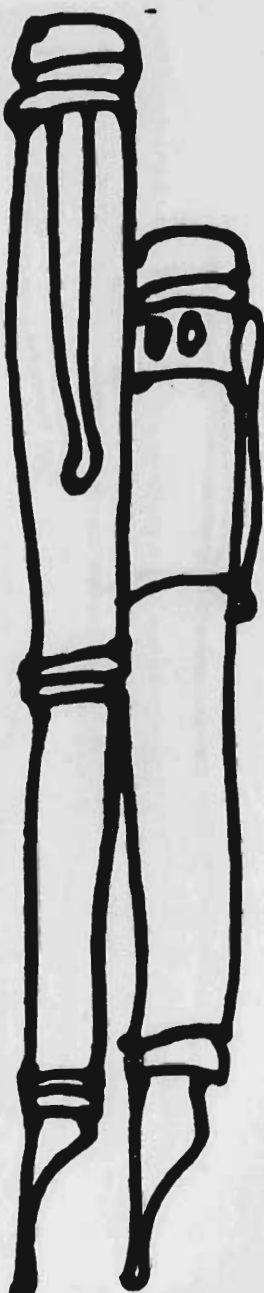
TREASURERS OF POLITICAL COMMITTEES ARE RESPONSIBLE FOR FILING ALL REPORTS ON TIME. FAILURE TO DO SO IS SUBJECT TO ENFORCEMENT ACTION. COMMITTEES FILING ILLEGIBLE REPORTS OR USING NON-FEC FORMS OR UNAPPROVED SCHEDULES WILL BE REQUIRED TO REFILE.

\*Reports sent by registered or certified mail must be postmarked by the mailing date. Otherwise, they must be received by the filing date.

\*\*Or from the close of books of the last report filed. If no previous reports filed, the date of the committee's first activity.

FOR INFORMATION, Call: 800/424-9530 or 202/376-3120

91040880438





## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RQ-7

August 23, 1989

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
(Bond Investors Association Inc.)  
15327 NW 60th Avenue  
Miami Lakes, FL 33014

Identification Number: C00213793

Reference: Mid-Year Report (1/1/89-6/30/89)

Dear Mr. Lehmann:

It has come to the attention of the Federal Election Commission ("the Commission") that your committee may be in violation of 2 U.S.C. §434(a) for failing to file the above referenced Report of Receipts and Disbursements. You were notified previously of the due date for this report.

It is important that you file this report immediately with the Federal Election Commission, 999 E Street, NW, Washington, DC 20463 (or with the Clerk of the House or the Secretary of the Senate, as appropriate). A copy of the report or the relevant portions should also be filed with the Secretary of State or equivalent State officer. See 2 U.S.C. §439.

Although the Commission may initiate an audit or legal enforcement action concerning this matter, your prompt response and a letter of explanation will be taken into consideration.

If you have any questions, please contact Cynthia Simms on our toll-free number (800) 424-9530. Our local number is (202) 376-2480.

Sincerely,

A handwritten signature in cursive script, reading "John D. Gibson".

John D. Gibson  
Assistant Staff Director  
Reports Analysis Division

9104080439



TELECON

ANALYST: Donald L. Averett

CONVERSATION WITH: C. Richard Lehmann, Treasurer

COMMITTEE: Municipal Bond Investors Committee (Bond Investors Association, Inc.)  
(C00213793)

DATE: 9/18/89

SUBJECT: Non-Filing of 1989 Mid-Year Report, due 7/31/89

I called Mr. Lehmann and informed him that the Mid-Year Report (1/1/89-6/30/89) had not been received. Mr. Lehmann responded that the committee had ceased operations and that he had submitted a Termination Report covering the period (10/1/88-12/31/88). I advised Mr. Lehmann that MUR 2600 was still open and that the committee could not terminate until that matter had been resolved. Mr. Lehmann stated that he was aware of MUR 2600. He further stated that the committee had previously been audited and that subsequently the Commission had requested additional information. Mr. Lehmann said that the committee was no longer in operation and that he felt it was unreasonable for him to have to continue answering questions concerning it. I advised Mr. Lehmann to contact the Office of General Counsel if he had questions or problems with MUR 2600. I further advised him to file the Mid-Year Report (1/1/89-6/30/89) as soon as possible. Mr. Lehmann indicated that in his eyes the committee no longer existed. He stated that he would no longer respond to correspondence concerning the committee.

90 JAN -5 AM 9:53

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer

Bondholders Protective Association

National Washington Public Power Supply  
System Bondholders Committee, Inc.

Richard Lehmann & Associates, Inc.

89NF-108<sup>1</sup>  
MUR 2600

**SENSITIVE**  
**EXECUTIVE SESSION**

JAN 23 1990

GENERAL COUNSEL'S REPORT

I. GENERATION OF MATTER

The Municipal Bond Investors Committee ("MBIC") and C. Richard Lehmann, as treasurer, were referred to the Office of the General Counsel by the Reports Analysis Division ("RAD") for failure to file its 1989 Mid-Year Report, in violation of 2 U.S.C. § 434(a)(4)(A)(iv). (Attachment 1).

II. FACTUAL AND LEGAL ANALYSIS

A. Failure to file.

The Municipal Bond Investors Committee failed to file its 1989 Mid-Year Report of Receipts and Disbursements for the period, January 1, 1989 through June 30, 1989. MBIC was notified on June 26, 1989 that the report was due on July 31, 1989. A Non-Filer Notice was sent to MBIC on August 23, 1989.

On September 18, 1989, a RAD analyst called MBIC's

1. This report should be viewed as the First General Counsel's Report in RAD Referral 89NF-108. In addition this report should be considered as a request for subpoena enforcement in MUR 2600.

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treasurer, C. Richard Lehmann. Mr. Lehmann informed the RAD analyst that he had filed a Termination Report, covering the period October 1, 1988 through December 31, 1988. It should be noted that, by letter dated March 3, 1989, the Office of the General Counsel informed Mr. Lehmann that MBIC's request to terminate could not be granted because of the ongoing enforcement matter involving the Committee. (Attachment 2). On September 14, 1989, Mr. Lehmann responded to the denial of MBIC's termination request. (Attachment 3). RAD also advised Mr. Lehmann that, so long as MUR 2600 is open, MBIC could not terminate, and must file its reports. Mr. Lehmann stated that he would no longer respond to correspondence concerning MBIC.

Pursuant to 2 U.S.C. § 434(a)(4)(A)(iv) all political committees, other than authorized committees of a candidate, shall file in any calendar year without a regularly scheduled general election, a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31.

MBIC's failure to file its 1989 Mid-Year Report by July 31, 1989 appears to be a violation of 2 U.S.C. § 434(a)(4)(A)(iv).

B. MUR 2600

On August 12, 1988, the Commission found reason to believe that the Municipal Bond Investors Committee violated 2 U.S.C. §§ 433(a), 434(a)(1) and 441b(a). On that same date the Commission also found reason to believe that Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann &

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Associates, Inc. each violated 2 U.S.C. § 441b(a).<sup>2</sup> On August 31, 1989, the Commission declined at that time to enter into conciliation with the foregoing respondents. The Commission issued a subpoena, and authorized the sending of interrogatories, and request for production of documents. On September 8, 1989, this Office mailed Mr. Lehmann notification of the Commission's findings, subpoena, interrogatories, and request for documents. In Mr. Lehmann's September 14, 1989, response to this Office (Attachment 3, above) he stated that, "If you want any more information on this PAC, I will ship you all the records I have and you can sift through them to your hearts content, but I do not intend to waste any more of my time making mountains out of sandpiles." To date Mr. Lehmann has not answered the interrogatories or furnished the requested documents.

Pursuant to 2 U.S.C. § 437d(b), the Commission may petition the United States District Court in case of a refusal to obey a subpoena or order issued by the Commission. In view of the above this Office recommends that the Commission authorize the filing of a civil suit to enforce the subpoena in this matter.

C. Merge with MUR 2600

The Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, are the

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2.C. Richard Lehmann, the treasurer of Municipal Bond Investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. Throughout this matter Mr. Lehmann has responded on behalf of all the foregoing respondents.



respondents in both MUR 2600 and 89NF-108. Both matters involve the respondents' failure to furnish required information to the Commission. The custodian of the required information, in both matters, is C. Richard Lehmann. Therefore, this Office recommends that after the Commission opens a MUR in 89NF-108 that it be merged with MUR 2600.<sup>3</sup>

### III. RECOMMENDATIONS

1. Open a MUR
2. Find reason to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iv).
3. Merge MUR 2600 with this MUR.
4. Authorize the Office of the General Counsel to institute a civil action pursuant to 2 U.S.C. § 437d(b) to enforce the subpoena and order to Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc.
5. Approve the attached letter and Factual and Legal Analysis.

Lawrence M. Noble  
General Counsel

91040880444  
Date 1/2/90

By:

  
Lois G. Lerner  
Associate General Counsel

#### Attachments

1. Referral Materials
2. GC's letter denying termination request

3. Because of the recommendation to merge these two matters and to institute a civil action to enforce the subpoena, we are not recommending that the Commission offer to enter into conciliation regarding the nonfiling of the 1989 Mid-Year Report. We note that the Commission previously declined to enter into preprobable cause conciliation in MUR 2600 pending further investigation. The proposed letter has been revised accordingly.



3. NBIC's response to denial
4. Proposed Letter and Factual and Legal Analysis.

Staff Assigned: Phillip L. Wise

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehman, as treasurer )

Bondholders Protective Association )

National Washington Public Power Supply )  
System Bondholders Committee, Inc. )

Richard Lehmann & Associates, Inc. )

RAD Referral  
# 89NF-108  
and  
MUR 2600

(MUR  
3030)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the  
Federal Election Commission executive session on January 30,  
1990, do hereby certify that the Commission took the follow-  
ing actions with respect to the above-captioned matters:

1. Decided by a vote of 5-0 to

- a. Open a MUR.
- b. Find reason to believe that Municipal  
Bond Investors Committee (Bond Investors  
Association, Inc.) and C. Richard  
Lehmann, as treasurer, violated 2 U.S.C.  
§ 434(a)(4)(A)(iv).

Commissioners Elliott, Josefiak, McDonald,  
McGarry, and Thomas voted affirmatively for  
the decision; Commissioner Aikens was not  
present at the time of the vote.

(continued)

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Federal Election Commission  
Certification for RAD 89NF-108 and MUR 2600  
January 30, 1990

Page 2

2. Decided by a vote of 6-0 to
- a. Merge MUR 2600 with the new MUR.
  - b. Reject recommendation 4 in the General Counsel's report dated January 2, 1990.
  - c. Direct the Office of General Counsel to draft an appropriate letter, conciliation agreement, and Factual and Legal Analysis pursuant to the discussion held this date, and to circulate these documents for Commission approval on a tally vote basis.

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

Attest:

2-2-90  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

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90 APR 17 PM 4:17

## BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )

Bondholders Protective Association, Inc. ) MUR 3030

National Washington Public Power Supply )  
System Bondholders Committee, Inc. )

Richard Lehmann &amp; Associates, Inc. )

**SENSITIVE**

## GENERAL COUNSEL'S REPORT

I. INTRODUCTION

On March 20, 1989 this Office circulated a report recommending entering into preprobable cause conciliation with Municipal Bond Investors Committee, Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. After discussions during the Commission's Executive Session on April 6, 1989, the report was returned to the Office of the General Counsel. Based on the Commission discussion, this Office recommended further investigation.

On August 31, 1989, the Commission declined to enter into conciliation with Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. On August 31, 1989, the Commission also issued a subpoena requesting answers to interrogatories, and the production of documents. On September 8, 1989, this Office mailed Mr. Lehmann

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notification of the Commission's findings, subpoena, interrogatories, and request for documents. In Mr. Lehmann's September 14, 1989, response to this Office he stated that, "If you want any more information on this PAC, I will ship you all the records I have and you can sift through them to your hearts content, but I do not intend to waste any more time making mountains out of sandpiles." To date Mr. Lehmann has not answered the interrogatories or furnished the requested documents.

On January 5, 1990, a report was circulated recommending that the Commission authorize the Office of the General Counsel to institute a civil action to enforce the subpoena and order to the named respondents. On January 23, 1990, the Commission instead directed this Office to prepare a report proposing to conciliate this matter. On January 23, 1990, the Commission also opened a MUR (MUR 3030), found reason to believe that MBIC violated 2 U.S.C. § 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report, and merged MUR 2600 with MUR 3030.

II. A. Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer

The Municipal Bond Investors Committee ("MBIC") and C. Richard Lehmann, as treasurer<sup>1</sup> were referred to the Office of the

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1. C. Richard Lehmann, the treasurer of Municipal Bond investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices received by these respondents and requested pre-probable cause conciliation on behalf of each.

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General Counsel by the Audit Division for failure to file a Statement of Organization, and for receipt of corporate contributions. On August 12, 1988, the Commission found reason to believe MBIC violated 2 U.S.C. §§ 433(a), for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April, and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from corporate entities.

On August 29, 1988, MBIC submitted its response requesting pre-probable cause conciliation. Respondents contended that any violation of the Act was due to their unfamiliarity with the rules rather than an attempt to conceal facts. According to Respondents, MBIC was formed in 1986 by the principals of the Washington Public Power Supply System (WPPSS) Projects 4 & 5 Bondholders Committee. "This was in response to a perceived need to get this \$2.25 billion bond default in front of Congress where WPPSS continues to enjoy special privileges and immunities while having defrauded tens of thousands of investors." Respondents contended that they have been subjected to audit by the Commission, and that all audit findings were addressed and corrected. Respondents also alleged that MBIC is supported by small individual investors, and run without the help of legal counsel, which it could not afford.

The corporations which made contributions to the Committee are as follows: Bondholders Protective Association, Inc. (1,500.00); National Washington Public Power Supply System

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Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau Mutual Insurance Company, Inc. (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00).<sup>2</sup>

Although MBIC has contended that all audit findings have been addressed and corrected, to date it has not provided proof of the required repayment of corporate funds. However, its 1986 report was amended to indicate the unrefunded corporate funds as a debt owed, which was recommended in the interim audit report.

B. Discussion of Conciliation Provisions and Civil Penalty

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2. On August 31, 1989, the Commission decided to take no further action and closed the file as it pertained to North Carolina Farm Bureau Mutual Insurance Company, Inc., Bank of Highland, Comfelt Sales Corporation, and Platte Valley Bank.

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**III. A. Bondholders Protective Association, Inc. ("BPA")**

On August 12, 1988, the Commission found reason to believe that BPA violated 2 U.S.C. § 441b(a). On August 29, 1988, C. Richard Lehmann on behalf of BPA submitted its response

requesting pre-probable cause conciliation. BPA also contended that its contributions totaling \$1,500.00 to MBIC were refunded. MBIC has not furnished sufficient proof that this \$1,500 was refunded. The proof presented was the front side of a refund check but not the back side.

B. Discussion of Conciliation Provisions and Civil Penalty

IV. A. National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP")

On August 12, 1988, the Commission found reason to believe that NWPP violated 2 U.S.C. § 441b(a). On August 29, 1988, C. Richard Lehmann on behalf of NWPP responded requesting pre-probable cause conciliation. Respondents contended that the contributions by NWPP were loans to MBIC to get it started. NWPP also asserted that the loans were repaid to comply with "the rules", and loans are no longer being made to MBIC. MBIC failed to provide any documentation to evidence the alleged

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repayment of these loans to NWPP. Audit recommended in the interim audit report that the corporate funds not refunded be reported as a debt owed. MBIC followed this recommendation when amending its 1986 Year End Report. However, in its 1987 filings MBIC does not report the debt as being paid in full, as NWPP claims.

B. Discussion of Conciliation Provisions and Civil Penalty

V. A. Richard Lehmann & Associates, Inc.

On August 12, 1988, the Commission found reason to believe that Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a). On August 29, 1988, this Respondent requested pre-probable cause conciliation. In this response Respondent contended that the checks written to MBIC were reimbursements for checks written by MBIC for the benefit of the Respondent, and were not contributions. Respondent also contends that the fact

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that the checks written by MBIC preceded the receipt of funds from Respondent is evidence that the transactions were reimbursements and not contributions.

Even if the funds given to MBIC were reimbursements for loans pursuant to 11 C.F.R. § 100.7(a)(1)(i)(E) if a political committee makes a loan to any person.... Repayment of the principal amount of such loan to such political committee shall not be a contribution by the debtor to the lender committee; however such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. § 110.4(a) and part 114. In the present matter any such repayment was made with corporate funds. According to the Audit Division, Respondent used committee funds and corporate funds as though they were one. Therefore, the so-called reimbursement resulted in impermissible corporate funds being given to a federal campaign committee. Richard Lehmann is authorized to withdraw, transfer and receive money in this account, as with the accounts of Municipal Bond Investors Committee, Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc.

B. Discussion of Conciliation Provisions and Civil Penalty

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FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

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

DATE: APRIL 20, 1990

SUBJECT: MUR 3030 - GENERAL COUNSEL'S REPORT  
DATED APRIL 17, 1990.

The above-captioned document was circulated to the  
Commission on Wednesday, April 18, 1990 at 11:00 a.m..

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

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

This matter will be placed on the meeting agenda  
for Tuesday, April 24, 1990.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )  
 )  
Bondholders Protective Association, Inc.)  
 )  
National Washington Public Power Supply )  
System Bondholders Committee, Inc. )  
 )  
Richard Lehmann & Associates, Inc. )

MUR 3030

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the  
Federal Election Commission executive session on May 1,  
1990, do hereby certify that the Commission decided by a  
vote of 5-1 to take the following actions in MUR 3030:

1. Enter into conciliation with the following  
respondents prior to a find of probable  
cause to believe:
  - a) Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer.
  - b) Bondholders Protective  
Association, Inc.
  - c) National Washington Public Power  
Supply System Bondholders Committee,  
Inc.
  - d) Richard Lehmann & Associates, Inc.

(continued)

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Federal Election Commission  
Certification for MUR 3030  
May 1, 1990

Page 2

2. Approve the proposed conciliation agreements and letter attached to the General Counsel's report dated April 17, 1990.

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

Attest:

5-2-90  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

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**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

May 4, 1990

Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue  
Miami Lakes, FL 33014

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors)  
Association, Inc.) and  
Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On August 17, 1988, you were notified that the Federal Election Commission had found reason to believe the Municipal Bond Investors Committee (Bond Investors Association, Inc.) and you, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1) and 441b(a), and Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., violated 2 U.S.C. § 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. On August 29, 1988, you submitted a request to enter into conciliation negotiations prior to a finding of probable cause to believe.

On January 30, 1990, the Federal Election Commission found that there is reason to believe Municipal Bond Investors Committee (Bond Investors Association, Inc.) and you, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iv), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, 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 your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating

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C. Richard Lehmann, Treasurer  
Page 2

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.

On January 30, 1990, the Commission also determined to merge this matter with MUR 2600. Both matters will now be known as MUR 3030. On that same date the Commission also 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 are conciliation agreements that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them, along with the civil penalties, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe has pasted, you should respond to this notification and conciliation agreements within 15 days from receipt thereof.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY:   
Lois G. Lerner  
Associate General Counsel

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**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**RESPONDENTS:** Municipal Bond Investors Committee      **MUR:** 3030  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer

The Municipal Bond Investors Committee ("MBIC") failed to file its 1989 Mid-Year Report of Receipts and Disbursements for the period, January 1, 1989 through June 30, 1989. MBIC was notified on June 26, 1989 that the report was due on July 31, 1989. A Non-Filer Notice was sent to MBIC on August 23, 1989.

On September 18, 1989, a RAD analyst called MBIC's treasurer, C. Richard Lehmann. Mr. Lehmann informed the RAD analyst that he had filed a Termination Report, covering the period October 1, 1988 through December 31, 1988. RAD advised Mr. Lehmann that so long as MUR 2600 is open that MBIC could not terminate, and must file its reports. Mr. Lehmann stated that he would no longer respond to correspondence concerning MBIC.

Pursuant to 2 U.S.C. § 434(a)(4)(A)(iv) all political committees, other than authorized committees of a candidate, shall file in any calendar year without a regularly scheduled general election, a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31.

MBIC did not file its 1989 Mid-Year Report by July 31, 1989. Therefore, there is reason to believe Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, violated 2 U.S.C. § 434(a)(4)(A)(iv).

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The Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, are the respondents in both MUR 2600 and MUR 3030. Both matters involve the respondents' failure to furnish required information to the Commission. The custodian of the required information, in both matters, is C. Richard Lehmann. Therefore, the Commission merged MUR 2600 with MUR 3030.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer

Bondholders Protective Association, Inc.

National Washington Public Power Supply  
System Bondholders Committee, Inc.

Richard Lehmann & Associates, Inc.

**SENSITIVE**

MUR 3030

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On September 27, 1990, a conciliation agreement approved by the Commission, at its Executive Session on September 20, 1990, was mailed to Richard Lehmann, the representative for the respondents in this matter. On October 17, 1990, Mr. Lehmann responded to this agreement. (Attachment 1). This response can be summarized by the last sentence therein which states, "I therefor [sic] find no common ground on which we can reach an agreement."

Based on the foregoing it is clear that further attempts at conciliation would be fruitless. Therefore, the General Counsel will proceed to the next stage in the enforcement process in this matter. We recommend approval of the appropriate letter to Mr. Lehmann informing him that this matter will proceed to the next stage.

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II. RECOMMENDATIONS

Approve the appropriate letter.

Lawrence M. Noble  
General Counsel

Date

10/30/90

BY:

Lois G. Lerner  
Associate General Counsel

Attachments

1. Response

Staff Assigned: Phillip L. Wise

91040880468

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc. ) MUR 3030  
and C. Richard Lehmann, as treasurer; )  
Bondholders Protective Association, Inc.; )  
National Washington Public Power Supply )  
Systems Bondholders Committee, Inc.; )  
Richard Lehmann & Associates, Inc. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 2, 1990, the Commission decided by a vote of 5-0 to approve the appropriate letter, as recommended in the General Counsel's Report dated October 30, 1990.

Commissioners Aikens, Elliott, Josefiak, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald did not cast a vote:

Attest:

11-2-90

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Wednesday, Oct. 31, 1990 11:18 a.m.  
Circulated to the Commission: Wednesday, Oct. 31, 1990 4:00 p.m.  
Deadline for vote: Friday, Nov. 2, 1990 4:00 p.m.

dr

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 13, 1990

Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue  
Miami Lakes, FL 33014

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors)  
Association, Inc.) and  
Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

This is to confirm the Federal Election Commission's receipt of your letter dated October 7, 1990, submitted on behalf of you and the other above referenced respondents.

Insofar as the 30 day period for pre-probable cause conciliation has elapsed and we do not appear to be close to an agreement, this matter will proceed to the next stage of the enforcement process.

Should you have any further questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature, likely of Lois G. Lerner, is written over the typed name.

BY: Lois G. Lerner  
Associate General Counsel

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91 JAN 14 PM 12:27

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer

Bondholders Protective Association, Inc.)

National Washington Public Power Supply  
System Bondholders Committee, Inc.

Richard Lehmann & Associates, Inc.)

**SENSITIVE**

MUR 3030

GENERAL COUNSEL'S REPORT

The Office of the General Counsel is prepared to close the investigation in this matter as to Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., based on the assessment of the information presently available.

Date 1/14/91

Lawrence M. Noble (7/2)  
Lawrence M. Noble  
General Counsel

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RECEIVED  
FEDERAL ELECTION COMMISSION  
SECRETARIAT

91 JAN 22 AM 4:16

FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 22, 1991

**SENSITIVE**

MEMORANDUM

TO: The Commission

FROM: Lawrence N. Noble *LNN (LN)*  
General Counsel

SUBJECT: MUR 3030

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe were mailed on January 22, 1991. Following receipt of the respondents' reply to this notice, this Office will make a further report to the Commission.

**Attachments**

1. Brief
2. Letter to respondent

91040880472



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 22, 1991

Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
15327 N.W. 60th Avenue  
Miami Lakes, FL 33014

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, and information supplied by you, on August 12, 1988, the Federal Election Commission found reason to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from corporate entities. On August 12, 1988, the Commission found reason to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a). On January 23, 1990, the Commission also found reason to believe that MBIC violated 2 U.S.C. § 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report. The Commission instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual

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Richard Lehmann, Treasurer  
Page 2

issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

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

Sincerely,

*Lawrence M. Noble (742)*

Lawrence M. Noble  
General Counsel

Enclosure  
Brief

91040880474



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )  
 )  
Bondholders Protective Association, Inc. ) MUR 3030  
 )  
National Washington Public Power Supply )  
System Bondholders Committee, Inc. )  
 )  
Richard Lehmann & Associates, Inc. )

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

91040880475  
The Municipal Bond Investors Committee ("MBIC") and C. Richard Lehmann, as treasurer,<sup>1</sup> were referred to the Office of the General Counsel by the Audit Division for failure to file its Statement of Organization and for receipt of corporate contributions. On August 12, 1988, the Commission found reason to believe MBIC violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from corporate entities.

The corporations which made contributions to the Committee are as follows: Bondholders Protective Association, Inc.

---

1. C. Richard Lehmann, the treasurer of Municipal Bond Investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices received by these respondents.

(1,500.00); National Washington Public Power Supply System Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau Mutual Insurance Company, Inc. (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00).

On August 12, 1988, the Commission found reason to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a).

On January 23, 1990, the Commission also found reason to believe that MBIC violated 2 U.S.C. § 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report.

## II. ANALYSIS

The Statement Of Organization MBIC filed with the Commission characterizes the committee as a separate segregated fund of the Bond Investors Association, Inc.<sup>2</sup>

Pursuant to 2 U.S.C. § 433(a) each separate segregated fund established under the provisions of section 441b(b) shall file a Statement of Organization no later than 10 days after establishment.

---

2. In a response received by the Commission on May 24, 1990, C. Richard Lehmann, the treasurer of MBIC, stated "...the committee was a separate segregated fund of the National Washington Public Powers Supply System Bondholders Committee, Inc..."

Pursuant to 2 U.S.C. § 434(a)(1) each treasurer of a political committee shall file reports of receipts and disbursements. All political committees other than authorized committees of a candidate when filing quarterly shall file quarterly reports in a calendar year in which a regularly scheduled general election is held, which shall be filed no later than the 15th day after the last day of each calendar quarter except that the report for the quarter ending on December 31 of such calendar year shall be filed no later than January 31 of the following calendar year. 2 U.S.C. § 434(a)(4)(A)(i). A pre-election report shall be filed no later than the 12th day before any election in which the committee makes a contribution to or expenditure on behalf of a candidate in such election, and which shall be completed as of the 20th day before the election. 2 U.S.C. § 434(a)(4)(A)(ii). A post general election report shall be filed no later than the 30th day after the general election and which shall be complete as of the 20th day after such general election. 2 U.S.C. § 434(a)(4)(A)(iii). All political committees, other than authorized committees of a candidate, shall file in any calendar year without a regularly scheduled general election, a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31. 2 U.S.C. § 434(a)(4)(A)(iv).

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any federal election. Under this provision it is also unlawful for any political committee knowingly to accept or

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receive any contribution from a corporation. Contribution is defined to include any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Contributions to a federal political committee are deemed to be contributions made in connection with a federal election.

The Municipal Bond Investors Committee was established as a separate segregated fund of Bond Investors Association, Inc. (or the National Washington Public Power Supply System Bondholders Committee, Inc.) on February 19, 1986; however, its Statement of Organization was not filed until March 9, 1987.

The Municipal Bond Investors Committee's receipt records revealed that it received 14 checks totaling \$84,391.00 from incorporated entities. MBIC received the following corporate contributions: from Bondholders Protective Association, Inc. \$1,500.00; from National Washington Public Power Supply System Bondholders Committee, Inc. \$70,000.00; from Richard Lehmann & Associates, Inc. \$12,716.00; from Comfelt Sales Corporation \$50.00; from North Carolina Farm Bureau Mutual Insurance Company, Inc. \$50.00; from Bank Of Highland \$50.00; and from Platte Valley Bank \$25.00. These funds were deposited into MBIC's federal account and used to pay MBIC's expenses, to make expenditures in connect with federal election activity, and to make contributions to federal candidates from 1986 to 1988.

A review of reports filed by MBIC for 1986, 1987 and 1988 show the following were reported as federal expenditures:

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<u>Name</u>	<u>Purpose</u>	<u>Amount</u>	<u>Date</u>
Bob Torricelli	Contribution	\$1,500	3/24/86 <sup>3</sup>
Sen D'Amato	Contribution	\$1,000	3/26/86
Paula Hawkins	Contribution	\$1,000	4/10/86
Raymond McGrath	Contribution	\$1,000	5/26/86
100th Congress	Contribution	\$ 500	8/04/86
Bob Torricelli	Dinner party	\$2,500	9/10/86
Bob Torricelli	Contribution	\$1,000	9/12/86
Repub. Sen. Inner Circle	Contribution	\$ 100	12/19/86
Repub. Sen. Inner Circle	Membership	\$ 60	2/04/87
Repub. Sen. Inner Circle	Membership	\$ 50	4/05/87
Charles Rangel	Contribution	\$ 500	5/11/87
Bob Torricelli	Contribution	\$1,000	5/11/87
Claude Pepper	Contribution	\$ 500	6/17/87
RNC	Membership	\$ 50	1/15/88
Connie Mack	Contribution	\$ 50	1/30/88

Respondents failed to file its 1986 April, July, and October Quarterly Reports; and its 1986 Pre-Election, and Post-General Election Reports in a timely manner. The Municipal Bond Investors Committee ("MBIC") also failed to file its 1989 Mid-Year Report of Receipts and Disbursements for the period, January 1, 1989 through June 30, 1989. MBIC became defunct on December 31, 1988 and sought termination as a political committee on January 9, 1989.

From February 1986 to December 1986, National Washington Public Power Supply System Bondholders Committee, Inc. made contributions, in the form of loans, totaling \$70,000 to Municipal Bond Investors Committee. Lehmann has contended that the National Washington Public Power Supply System Bondholders Committee, Inc. is MBIC's connected organization. He also has

3. MBIC reported that \$500.00 of this contribution was refunded by the Torricelli committee.

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contended that the funds received were used primarily for administrative purposes. A corporation without capital stock may use general treasury monies for the establishment, administration, and solicitation of contributions to its separate segregated fund. If the separate segregated fund pays any solicitation or other administrative expense from its own account which could have been paid by the collecting agent, the collecting agent may reimburse the separate segregated fund within 30 days of payment thereof. 11 C.F.R. § 114.5(b)(3). Payments made by a corporation for the establishment, administration, and solicitation of contributions to its separate segregated fund are not considered contributions by the corporation. 2 U.S.C. § 441b(b)(2)(C). MBIC's connected organization could pay the administrative and solicitation expenses but could not make loans to MBIC for any purpose, including administrative and solicitation expenses.

On February 19, 1986, Bondholders Protective Association, Inc. made contributions totaling \$1,500 to the Municipal Bond Investors Committee. These contributions were for \$500 each, and deposited into the Municipal Bond Investors Committee's account on February 19, 1986.

From September 1986 to October 1986 Richard Lehmann & Associates, Inc. made payments totaling \$12,716.00 to the Municipal Bond Investors Committee. These payments were made with company funds. Lehmann contended that the checks written to MBIC were reimbursements for checks written by MBIC for the benefit of Richard Lehmann & Associates, Inc., and were not

contributions.

If the funds given to MBIC, as contended by Lehmann, were reimbursements for loans, repayment of the principal amount of such loans to such political committee shall not be a contribution by the debtor to the lender committee; however such repayment shall be made with funds which are subject to the prohibitions of 11 C.F.R. § 110.4(a) and part 114. 11 C.F.R. § 100.7(a)(1)(i)(E) In the present matter any such repayment was made with corporate funds. Committee funds and corporate funds were used as though they were one. Richard Lehmann is authorized to withdraw, transfer and receive money in this account, as with the accounts of Municipal Bond Investors Committee, Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc. Therefore, the so-called reimbursement resulted in impermissible corporate funds being given to a federal campaign committee.

Based on the foregoing the General Counsel recommends that the Commission find probable cause to believe that the Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. § 433(a) by filing its Statement of Organization more than 10 days after it was established; that the Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. § 441b(a) by knowingly accepting 14 checks totaling \$84,391.00 from incorporated entities; that the Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. § 434(a)(1) by failing to file its 1986 April, July, and October Quarterly Reports, and its 1986

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Pre-Election, and Post-General Election Reports in a timely manner; and that MBIC violated 2 U.S.C. § 434(a)(4)(A)(iv) by failing to file its 1989 Mid-Year Report in a timely manner.

The General Counsel also recommends that the Commission find probable cause to believe that the National Washington Public Power Supply System Bondholders Committee, Inc. violated 2 U.S.C. § 441b(a) by making total contributions in the amount of \$70,000 to the Municipal Bond Investors Committee; that Bondholders Protective Association, Inc. violated 2 U.S.C. § 441b(a) by making contributions totaling \$1,500 to the Municipal Bond Investors Committee; and that Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a) by making \$12,716.00 in contributions to the Municipal Bond Investors Committee.

### III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that The Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1), 441b(a), and 434(a)(4)(A)(iv).

2. Find probable cause to believe that Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a).

Date

1/19/91

*Lawrence M. Noble*  
Lawrence M. Noble  
General Counsel

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*Richard Lehmann & Associates, Inc.*

Investment Advisors / Portfolio Managers

February 18, 1991

Federal Elections Commission  
Washington, DC 20463

RE: MUR 3030

Dear Sirs:

The following is in response to the general counsel's recommendations in the subject matter

- 9 1 0 4 0 8 8 0 4 3 3
1. The Municipal Bond Investors Committee (MRIC) was formed in 1986 as a separate segregated fund of the National Washington Public Power Supply System Bondholders Committee, Inc. (Note: any characterization the committee as a fund of the Bond Investors Association is by error arising from an error in the original statement of organization filing with the FEC.) Its purpose was to serve as a political action committee for some 40,000 bondholders seeking redress for a \$2.25 billion bond default by Washington State. The bondholders Committee, like the MBIC was made up of unpaid volunteers, it did not incur what was seen by those volunteers as needless legal expense in setting up operations and filing notices. A timely notice was filed with Florida State. No member of MBIC, however, was aware of the requirement to file with the Federal Election Commission. This was not done until March 1987 when we were made aware of the requirement by, I believe, Congressman Torricelli's office.

We understand the need for registration and compliance and were perfectly willing to meet the requirements when they became known to us.

2. The committee is accused of "knowingly" accepting contributions from a corporation. The committee ? receive such contributions, however, when the violation became known to us, they were returned. We do not profess to be experts on election law nor, as a voluntary committee, could we afford to be. We are, however, good citizens who acted in good faith. When the violation of the rules was made know to us, like good citizens we returned the funds in question. We fail to see what public purpose would be served by the FEC making more out of the situation by trying to punish the named parties.

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GENERAL COUNSEL




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3. Regarding the citing of Richard Lehmann & Associates Inc. for making a \$12,716.00 contribution to the committee, this is totally in error. It was made clear to all concerned that his money was not given to the committee as either a loan or a contribution, it was merely a back to back check cashing transaction. In short, merely depositing money in a bank account cannot be called a loan or a contribution if there was no intent to make such a transaction. Such a lack of intent is as clear here as if a posting error had been the cause. This is a clear attempt by FEC staff at over reach.
  4. Regarding the contributions made by the Bondholders Protective Association this contribution should not be singled out from the half dozen lesser corporate contributions also received. When the violation became known the funds were returned. The fact that it was \$1500 and not \$50 should play no part. Aside from this, that Association is, I believe, no longer in existence so little purpose would be served in citing it.
  5. Regarding the loan from the WPPSS Bondholders Committee, this organization is also defunct and no longer has active volunteers that the FEC could punish.
  6. Regarding the failure to file reports during 1986 in a timely manner, this goes back to the question that we did not even know we had to register with the FEC until 1987 so we could hardly be expected to be aware of the periodic filing requirements that followed. When the requirement became known, however, we did make the required filings. As to the filings for 1989, the MBIC became defunct in 1988 so I fail to see what was supposed to be reported on or, for that matter, who was supposed to make the filings since no volunteers any longer existed.

I gave of my time to assist the WPPSS bondholders because I believed it was right.\*



Sincerely,

  
Richard Lehmann

\* Note: I was not even a bondholder at the time of the default so I was not even one of the unfortunates trying to recover his losses. The Bond Investors Association is a non profit bondholders organization that provides advice and support to bondholders in many different bond defaults, of which WPPSS was just one.

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BEFORE THE FEDERAL ELECTION COMMISSION

MAR 19 1991

EXECUTIVE SESSION

SENSITIVE

In the Matter of )  
 )  
Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )  
 )  
Bondholders Protective Association, Inc. ) MUR 3030  
 )  
National Washington Public Power Supply )  
System Bondholders Committee, Inc. )  
 )  
Richard Lehmann & Associates, Inc. )

GENERAL COUNSEL'S REPORT

I. BACKGROUND

The Municipal Bond Investors Committee ("MBIC") and C. Richard Lehmann, as treasurer,<sup>1</sup> were referred to the Office of the General Counsel by the Audit Division for failure to file its Statement of Organization and for receipt of corporate contributions. On August 12, 1988, the Commission found reason to believe MBIC violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; and 441b(a) for accepting \$84,391.00 in contributions from corporate entities.

The corporations which made contributions to the Committee

1. C. Richard Lehmann, the treasurer of Municipal Bond investors Committee is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices, proposed conciliation agreements, and the General Counsel's Brief received by these respondents.

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are as follows: Bondholders Protective Association, Inc. (1,500.00); National Washington Public Power Supply System Bondholders Committee, Inc. (\$70,000); Richard Lehmann & Associates, Inc. (\$12,716); Comfelt Sales Corporation (\$50.00); North Carolina Farm Bureau Mutual insurance Company, Inc. (\$50.00); Bank of Highland (\$50.00); and Platte Valley Bank (\$25.00).

On August 12, 1988, the Commission found reason to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a).

On January 23, 1990, the Commission also found reason to believe that MBIC violated 2 U.S.C. § 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report.

The General Counsel's Brief was mailed to respondents, on January 22, 1991. This Brief was returned by the Post Office because the forwarding time for respondents' new address had expired. On February 7, 1991, the Brief was mailed to respondents' new address. On February 25, 1991, this Office received respondents' response to the General Counsel's Brief. (Attachment 1).

## II. ANALYSIS

Richard Lehmann, on behalf all the respondents once again claims that: (1) The Municipal Bond Investors Committee ("MBIC") was formed in 1986 as a separate segregated fund of the National

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Washington Public Power Supply System Bondholders Committee, Inc.; (2) the original statement of organization filed with the Commission was in error when it characterized the committee as a fund of the Bond Investors Association, Inc.; (3) the majority of the organizations are now defunct with only Richard Lehmann & Associates, Inc. still in operation; (4) as a voluntary committee of good citizens, and not experts in election law, they acted in good faith; (5) "Its purpose was to serve as a political action committee for some 40,000 bondholders seeking redress for a \$2.25 billion bond default by Washington State"; and (6) the \$12,716.00 which passed between Richard Lehmann & Associates, Inc. and MBIC was a "back to back check cashing transaction" and not a loan or contribution.

The foregoing response by the respondents presented no new information, therefore this Office relies on and reaffirms its analysis in the General Counsel's Brief circulated to the Commission on January 22, 1991.

**III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY**

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**RECOMMENDATIONS**

1. Find probable cause to believe that The Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1), 441b(a), and 441b(a)(4)(A)(iv).
2. Find probable cause to believe that Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a).
3. Approve the attached conciliation agreement and appropriate letter.

3/8/91

LMN, blc (592)  
Lawrence M. Noble  
General Counsel

**Attachments:**

Respondents' response to brief  
Conciliation Agreement

Off assigned: Phillip L. Wise



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Municipal Bond Investors Committee  
(Bond Investors Association, Inc.)  
and C. Richard Lehmann, as treasurer;

Bondholders Protective Association, Inc.;

National Washington Public Power Supply  
System Bondholders Committee, Inc.;

Richard Lehmann & Associates, Inc.

MUR 3030

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the  
Federal Election Commission executive session of March 19,  
1991, do hereby certify that the Commission decided by a  
vote of 5-1 to take the following actions in MUR 2561:

1. Find probable cause to believe that The Municipal  
Bond Investors Committee and C. Richard Lehmann,  
as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)  
(1), 441b(a), and 434(a)(4)(A)(iv).
2. Find probable cause to believe that Bondholders  
Protective Association, Inc., National Washington  
Public Power Supply System Bondholders Committee,  
Inc., and Richard Lehmann & Associates, Inc.  
violated 2 U.S.C. § 441b(a).
3. Approve the conciliation agreement and appropriate  
letter, as recommended in the General Counsel's  
report dated March 8, 1991.

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

Attest:

3-21-91  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

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IV. RECOMMENDATIONS

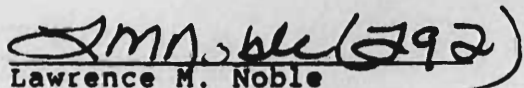
1. Find probable cause to believe that The Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1), 441b(a), and 434(a)(4)(A)(iv).

2. Find probable cause to believe that Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc. violated 2 U.S.C. § 441b(a).

3. Approve the attached conciliation agreement and appropriate letter.

Date

3/8/91

  
Lawrence M. Noble  
General Counsel

Attachments:

1. Respondents' response to brief
2. Conciliation Agreement

Staff assigned: Phillip L. Wise

91040880490



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

March 25, 1991

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
C. Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; 441b(a) for accepting \$84,391.00 in contributions from corporate entities; and 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report. On March 19, 1991, the Commission also found that there is probable cause to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a).

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it,

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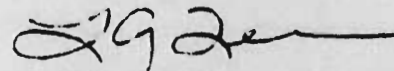
C. Richard Lehmann, Treasurer  
Page 2

along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission accept the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

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

Sincerely,

Lawrence M. Noble  
General Counsel



By: Lois G. Lerner  
Associate General Counsel

Enclosure  
Conciliation Agreement

91040880492

66-6671

# Richard Lehmann & Associates, Inc.

Investment Advisors / Portfolio Managers

April 1, 1991

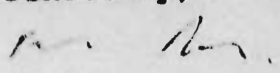
Ms. Lois G. Lerner  
Asst. General Counsel  
Federal Elections Commission  
Washington D.C. 20463

RE: MUR 3030

Dear Ms. Lerner:

Regarding your letter of March 25, 1991 and proposal for a conciliation with the various parties please note the conciliation cannot be executed as proposed. I can only speak for Richard Lehmann & Associates Inc. I cannot speak or make an agreement on behalf of the Bondholders Protective Association Inc. or the National WPPSS Bondholders Committee. I therefor cannot commit to a civil penalty on behalf of such entities. If you wish to resolve this matter, you must specify the penalty for each entity based on the perceived gravity of their individual and unique offenses.

Sincerely,

  
Richard Lehmann

91 APR -8 AM 4:05

91 APR -8 PM 12:27

RECEIVED  
FEDERAL ELECTIONS COMMISSION  
APR 1 1991

91040880493



91 MAY 29 PM 12:21

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )

Bondholders Protective Association, Inc. )

National Washington Public Power Supply )  
System Bondholders Committee, Inc. )

Richard Lehmann & Associates, Inc. )

**SENSITIVE**

MUR 3030

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer,<sup>1</sup> violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; 441b(a) for accepting \$84,391.00 in contributions from corporate entities; and 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report. On March 19, 1991, the Commission also found that there is probable cause to believe that Bondholders Protective

1. C. Richard Lehmann, the treasurer of Municipal Bond investors Committee, is also treasurer and/or Officer with Bondholders Protective Association, Inc., National Washington Public Power Supply System Bondholders Committee, Inc., and Richard Lehmann & Associates, Inc., which are all respondents in this matter. Mr. Lehmann responded to the reason to believe notices, proposed conciliation agreements, and the General Counsel's Brief received by these respondents.

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Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a).

On March 25, 1991, notification of the Commission's probable cause finding and a proposed conciliation agreement were mailed to C. Richard Lehmann, the representative for the respondents in this matter. On April 1, 1991, Mr. Lehmann responded to the Commission's notification and proposed conciliation agreement. (Attachment 1).

## II. ANALYSIS

Richard Lehmann, on behalf all the respondents claimed that:

Regarding your letter of March 25, 1991 and proposal for a conciliation with the various parties please note the conciliation cannot be executed as proposed. I can only speak for Richard Lehmann & Associates Inc. I cannot speak or make an agreement on behalf of the Bondholders Protective Association Inc. or the National WPPSS Bondholders Committee. I therefor cannot commit to a civil on behalf of such entities. If you wish to resolve this matter, you must specify the penalty for each entity based on the perceived gravity of their individual and unique offenses.

Information this Office received from the Secretary of State's Corporations Division for the State of Florida shows that Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee,

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Inc. were both involuntarily dissolved by the State for failure to file annual corporate reports. Based on the facts that, (1) Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc. are both defunct and it does not appear they can pay a civil penalty; and (2) since Lehmann claims he can no longer act for them, the General Counsel recommends that the Commission take no further action and close the file with regard to these two respondents.

The foregoing response by Lehmann asserts that he is only able to conciliate on behalf of RLA. Nevertheless, he is the treasurer of MBIC, but his response did not mention MBIC. Therefore, in his position as treasurer, this Office is of the opinion that Lehmann can still enter into an agreement for this committee. Therefore, the General Counsel presents the attached proposed conciliation agreements with the two remaining respondent (RLA and MBIC) for the Commission's approval.

### III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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**IV. RECOMMENDATIONS**


1. Approve the attached conciliation agreement with the Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer.
2. Approve the attached conciliation agreement with Richard Lehmann & Associates.
3. Take no further action and close the file with regard to Bondholders Protective Association, Inc., and the National Washington Public Power Supply System Bondholders Committee, Inc.
4. Approve the appropriate letter.

Lawrence M. Noble  
General Counsel

Date

5/28/91

BY:

  
Lois G. Lerner  
Associate General Counsel

**Attachments:**

1. Respondents' counteroffer
2. Conciliation Agreements (2)

Staff assigned: Phillip L. Wise

91040880497



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20541

MEMORANDUM TO: LAWRENCE NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /DONNA ROACH *DR*

DATE: MAY 31, 1991

SUBJECT: MUR 3030 - GENERAL COUNSEL'S REPORT  
DATED MAY 28, 1991

The above-captioned document was circulated to the  
Commission on

Objections have been received from the Commissioners  
as indicated by the name(s) checked:

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

This matter will be placed on the  
agenda for TUESDAY, JUNE 4, 1991

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## CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on June 4, 1991, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 3030:

1. Approve the conciliation agreement with the Municipal Bond Investors Committee and C. Richard Lehmann, as treasurer, as recommended in the General Counsel's report dated May 28, 1991.

(continued)

2. Approve the conciliation agreement with Richard Lehmann & Associates as recommended in the General Counsel's report dated May 28, 1991.
3. Take no further action and close the file with regard to Bondholders Protective Association, Inc., and the National Washington Public Power Supply Bondholders Committee, Inc.
4. Approve the appropriate letter as recommended in the General Counsel's report dated May 28, 1991.

Commissioners Elliott, Josefiak, McGarry, and Thomas voted affirmatively for the decision; Commissioners Aikens and McDonald were not present.

Attest:

June 6, 1991  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

91040880500



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20461

June 11, 1991

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
C. Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; 441b(a) for accepting \$84,391.00 in contributions from corporate entities; and 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report. On March 19, 1991, the Commission also found that there is probable cause to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a). On March 25, 1991, the Commission mailed you notice of the above findings and a conciliation agreement with regard to the above respondents.

On April 8, 1991, the Commission received your response letter and counterproposal. The Commission has reviewed the counterproposal and on June 4, 1991 agreed to make separate agreements for each respondent. Enclosed herewith is a conciliation agreement for Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer, and Richard Lehmann & Associates, Inc., incorporating these changes which we submit for your signature.

91040880501

C. Richard Lehmann, Treasurer  
Page 2

The Commission is still hopeful that this matter can be settled through a conciliation agreement. In light of the statute's mandatory 90 day limit for conciliation, you should respond to the Commission within 10 days of receipt of this notification. Our records indicate that the conciliation period in this matter expires on June 24, 1991. See 2 U.S.C. § 437g(a)(4)(A)(i).

This letter is also to advise you that on June 4, 1991, the Federal Election Commission after considering the circumstances of this matter determined to take no further action against Bondholders Protective Association, Inc., and the National Washington Public Power Supply System Bondholders Committee, Inc., and closed its file in this matter as it pertains to these two respondents. Please be reminded that funds from corporations being deposited into the account of a federal campaign committee is prohibited for any purpose.

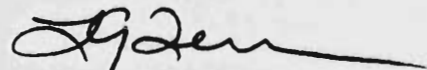
The file will be made part of the public record within 30 days after the matter has been closed with respect to all other respondents involved. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

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. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

Should you have any further questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosure  
Conciliation Agreement

91940880502

Richard Lehmann & Associates, Inc.

Investment Advisors

(305) 557-1832 / Telex 518935

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH

91 JUN 27 AM 11:07

June 24, 1991

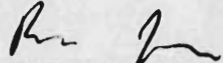
Ms. Lois Lerner  
Associate General Counsel  
Federal Election Commission  
Washington, D.C. 20463

MUR 3030

Dear Ms. Lerner:

Enclosed is the signed conciliation agreement for Richard Lehmann & Associates. I am trying to contact the other individuals associated with the Municipal Bond Investors Committee to see who is left to sign a conciliation agreement and whether there are any funds left to pay a fine in any case. (Note, I resigned from the Committee several years ago).

Sincerely,

  
Richard Lehmann

91 JUN 27 PM 3:21



91 JUL 16 AM 10:28

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Richard Lehmann & Associates, Inc. ) MUR 3030

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Richard Lehmann, the president of Richard Lehmann & Associates, Inc.

The attached agreement contains no changes from the agreement approved by the Commission on June 4, 1991. No civil penalty check has been received by the Commission.

II. RECOMMENDATIONS

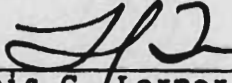
1. Accept the attached conciliation agreement with Richard Lehmann & Associates, Inc.
2. Close the file as to Richard Lehmann & Associates, Inc.
3. Approve the appropriate letter.

Lawrence M. Noble  
General Counsel

Date

7/15/91

BY:

  
Lois G. Lerner  
Associate General Counsel

Attachments  
Conciliation Agreement

Staff Assigned: Phillip L. Wise

9104080504

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Richard Lehmann & Associates, Inc. )

MUR 3030

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 18, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3030:

1. Accept the conciliation agreement with Richard Lehmann & Associates, Inc.
2. Close the file as to Richard Lehmann & Associates, Inc.
3. Approve the appropriate letter, as recommended in the General Counsel's Report dated July 15, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald and McGarry voted affirmatively for the decision; Commissioner Thomas did not cast a vote.

Attest:

7-18-91  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat:	Tues., July 16, 1991	10:28 a.m.
Circulated to the Commission:	Tues., July 16, 1991	4:00 p.m.
Deadline for vote:	Thurs., July 18, 1991	4:00 p.m.

91040880505



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 23, 1991

C. Richard Lehmann, President  
Richard Lehmann & Associates, Inc.  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On July 18, 1991, the Federal Election Commission accepted the signed conciliation agreement submitted on your behalf in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to Richard Lehmann & Associates.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. 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.

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 has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

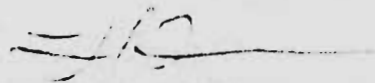
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C. Richard Lehmann  
Page 2

Enclosed you will find a copy of the fully executed conciliation agreement for your files. I remind you that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosure  
Conciliation Agreement

91040880507

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Richard Lehmann & Associates, Inc. ) MUR 3030

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that Respondent Richard Lehmann & Associates, Inc. ("RLA"), violated 2 U.S.C. § 441b(a).

NOW, THEREFORE, the Commission and the Respondent, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

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. Municipal Bond Investors Committee was a political committee within the meaning of 2 U.S.C. § 431(4)(B) in 1986.

2. C. Richard Lehmann has been the treasurer of Municipal Bond Investors Committee throughout its existence.

3. Richard Lehmann & Associates, Inc. is a corporation within the meaning of 2 U.S.C. § 441b organized under the laws of the State of Florida.

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4. Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution or expenditure in connection with any federal election. Contribution is defined to include any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C.

§ 431(8)(A)(i). Contributions to a federal political committee are deemed to be contributions made in connection with a federal election. Further, deposits into the depository of a political committee are presumed to be contributions, unless they are refunds or rebates from advances to vendors.

5. The Municipal Bond Investors Committee was established as a political committee on February 19, 1986.

6. From September 1986 to October 1986 Richard Lehmann & Associates, Inc. made payments totaling \$12,716.00 to the Municipal Bond investors Committee. These payments were made with company funds. RLA contends that the \$12,716.00 which passed between it and MBIC was a back to back check cashing transaction and not a loan or contribution.

V. RLA made \$12,716.00 in contributions to the Municipal Bond Investors Committee in violation of 2 U.S.C. § 441b(a).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Thousand dollars (\$1,000.00), 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

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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 have executed same and the Commission has approved the entire agreement.

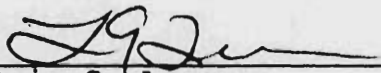
IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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:

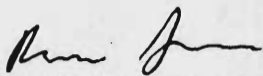
Lawrence M. Noble  
General Counsel

BY:

  
Lois G. Lerner  
Associate General Counsel

7/22/91  
Date

FOR THE RESPONDENTS:

  
(Name) Richard Lehmann  
(Position) President

6/21/91  
Date

91040880510



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

August 28, 1991

C. Richard Lehmann, President  
Richard Lehmann & Associates, Inc.  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On July 18, 1991, the Federal Election Commission and you entered into a conciliation agreement in settlement of a violation of 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended. According to the agreement you were required to pay a civil penalty of \$1,000.00 within 30 days.

According to Commission records, your payment has not been received. Please be advised that, pursuant to 2 U.S.C. § 437g(a)(5)(D), violation of any provision of the conciliation agreement may result in the institution of a civil suit for relief in the United States District Court. Unless we receive the payment from you in five days, this Office will recommend that the Commission file suit to remedy this violation.

If you believe the Commission's records are in error, or if you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

91040880511



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 28, 1991

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
C. Richard Lehmann, as treasurer,

Dear Mr. Lehmann:

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; 441b(a) for accepting \$84,391.00 in contributions from corporate entities; and 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report.

On March 25, 1991, the Commission mailed you notice of the above findings and a conciliation agreement. On April 8, 1991, the Commission received your response letter and counterproposal. The Commission reviewed the counterproposal and on June 11, 1991 mailed you a conciliation agreement which adhered to your counterproposal. On June 27, 1991, this Office received a response in which you stated:

I am trying to contact the other individuals associated with the Municipal Bond Investors Committee to see who is left to sign a conciliation agreement and whether there are any funds left to pay a fine in any case.

Please note that pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), the conciliation period in this matter may not extend for more than 90 days, but may cease after 30 days. Insofar as more than 30 days have elapsed without a response from you, the Office of the General Counsel will recommend that the Commission authorize the

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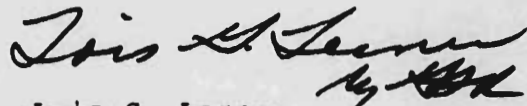
C. Richard Lehmann, Treasurer  
Page 2

filing of a civil suit unless we receive a response from you  
with 10 days of your receipt of this letter.

Should you have any questions, please contact Phillip L.  
Wise, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in cursive script, appearing to read "Lois G. Lerner", with a stylized flourish at the end.

BY: Lois G. Lerner  
Associate General Counsel

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*Richard Lehmann & Associates, Inc.*

Investment Advisors / Portfolio Managers

MUR 3030

91 OCT 22 AM 9:39

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF LEGAL COUNSEL

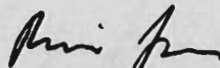
October 15, 1991

Ms. Lois Lerner  
Associate General Counsel  
Federal Election Commission  
Washington D.C. 20463

Dear Ms. Lerner:

Further to my letter of June 24 as I advised Then, I would contact the other individuals associated with the Municipal Bond Investors Committee regarding a conciliation agreement. As expected, since dissolution of the WPPSS 4 & 5 Bondholders Committee, there is no one left to accept responsibility for the Committee.

Sincerely,



Richard Lehmann

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F.E.C.  
SECRETARIAT

BEFORE THE FEDERAL ELECTION COMMISSION

91 OCT 28 AM 11:42

In the Matter of )

Municipal Bond Investors Committee )  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer )

MUR 3030

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer, violated 2 U.S.C. §§ 433(a), 434(a)(1), 441b(a), and 434(a)(4)(A)(iv).<sup>1/</sup>

In his responses Lehmann has asserted that he is only able to conciliate on behalf of Richard Lehmann & Associates ("RLA"). Accordingly, on July 18, 1991 the Commission accepted a conciliation agreement signed by C. Richard Lehmann, on behalf

<sup>1/</sup> On March 19, 1991, the Commission also found that there is probable cause to believe that Bondholders Protective Association, Inc. ("BPA") violated 2 U.S.C. § 441b(a); that National Washington Public Power Supply System Bondholders Committee, Inc. ("NWPP") violated 2 U.S.C. § 441b(a); and that Richard Lehmann & Associates, Inc. ("RLA") violated 2 U.S.C. § 441b(a).

Information this Office received from the Secretary of State's Corporations Division for the State of Florida shows that Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc. were both involuntarily dissolved by the State for failure to file annual corporate reports. Based on the facts that, (1) Bondholders Protective Association, Inc., and National Washington Public Power Supply System Bondholders Committee, Inc. are both defunct and it does not appear they can pay a civil penalty; and (2) since Lehmann claimed he could no longer act for them, the Commission, on June 4, 1991 took no further action and closed the file with regard to these two respondents.

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of RLA and closed the file with regard to RLA.<sup>2/</sup> In the cover letter which accompanied RLA's signed conciliation agreement Richard Lehmann stated in pertinent part, "I am trying to contact the other individuals associated with the Municipal Bond Investors Committee to see who is left to sign a conciliation agreement and whether there are any funds left to pay a fine in any case. (Note, I resigned from the Committee several years ago)."

On August 28, 1991, this Office mailed Mr. Lehmann a letter requesting the status of his above stated claim that he would try to contact other individuals associated with MBIC. Mr. Lehmann did not respond to this reminder letter. Therefore, on or about October 10, 1991, a staff member from this Office contacted Mr. Lehmann, by telephone. In this telephone conversation Mr. Lehmann stated that the other individuals had "scattered" and would not be willing to assume any liability for their volunteer activity with regard to MBIC. As a follow-up to the telephone conversation, on October 22, 1991, this Office received a letter from Mr. Lehmann, in which he stated in part that, "[a]s expected, since dissolution of the WPPSS 4 & 5 Bondholders Committee, there is no one left to accept responsibility for the Committee." (Attachment 1).

Based on the facts that it appears MBIC is defunct; that the other principals of MBIC have "scattered"; that C. Richard

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<sup>2/</sup> On or about September 9, 1991, the Commission received the agreed upon civil penalty of \$1,000.00 from C. Richard Lehmann on behalf of Richard Lehmann & Associates.

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Lehmann contends that he resigned as treasurer years ago; that he has claimed there is no money available to pay a civil penalty for MBIC; that MBIC is the last remaining respondent in this matter; and that it appears no one has authority to act on behalf of MBIC, the General Counsel recommends that the Commission take no further action and close the file in this matter.

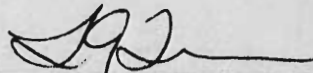
**II. RECOMMENDATIONS**

1. Take no further action against Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer.
2. Close the file
3. Approve the appropriate letters.

Lawrence M. Noble  
General Counsel

10-25-91  
Date

BY:

  
Lois G. Lerner  
Associate General Counsel

**Attachment**

Letter from Lehmann

Staff assigned: Phillip L. Wise

91040880517

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Municipal Bond Investors Committee ) MUR 3030  
(Bond Investors Association, Inc.) )  
and C. Richard Lehmann, as treasurer. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on October 30, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3030:

1. Take no further action against Municipal Bond Investors Committee (Bond Investors Association, Inc.) and C. Richard Lehmann, as treasurer.
2. Close the file.
3. Approve the appropriate letters, as recommended in the General Counsel's Report dated October 25, 1991.

Commissioners Aikens, Elliott, Josefiak, McGarry and Thomas voted affirmatively for the decision; Commissioner McDonald did not cast a vote.

Attest:

10-31-91  
Date

Marjorie W. Emmons  
Marjorie W. Emmons  
Secretary of the Commission

Received in the Secretariat: Mon., Oct. 28, 1991 11:42 a.m.  
Circulated to the Commission: Mon., Oct. 28, 1991 4:00 p.m.  
Deadline for vote: Wed., Oct. 30, 1991 4:00 p.m.

91040880518





**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

November 4, 1991

C. Richard Lehmann, Treasurer  
Municipal Bond Investors Committee  
5979 N.W. 151 ST.  
Suite #240  
Hialeah, FL 33014-2400

RE: MUR 3030  
Municipal Bond Investors  
Committee (Bond Investors  
Association, Inc.) and  
C. Richard Lehmann, as treasurer,  
Bondholders Protective  
Association, Inc., National  
Washington Public Power Supply  
System Bondholders Committee,  
Inc., and Richard Lehmann &  
Associates, Inc.

Dear Mr. Lehmann:

On March 19, 1991, the Federal Election Commission found that there is probable cause to believe that Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer violated 2 U.S.C. §§ 433(a) for failure to file its Statement of Organization within 10 days after establishment; 434(a)(1) for failure to file its 1986 April and October Quarterly Reports, and its 1986 Pre-Election and Post-General Election Reports in a timely manner; 441b(a) for accepting \$84,391.00 in contributions from corporate entities; and 434(a)(4)(A)(iv) for failure to file its 1989 Mid-Year Report.

After further consideration of the circumstances of this matter, however, the Commission on October 30, 1991 determined to take no further action against Municipal Bond Investors Committee (Bond Investors Association, Inc.) ("MBIC") and Richard Lehmann, as treasurer, and closed its file in this matter.

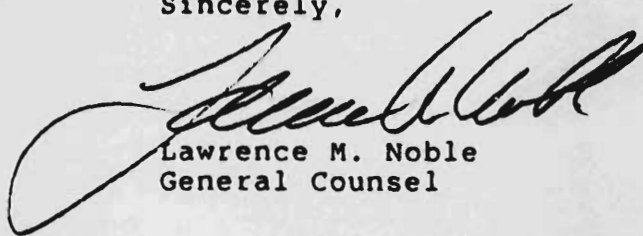
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C. Richard Lehmann, Treasurer  
Page 2

The file will be made part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

If you have any questions, please contact Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,



Lawrence M. Noble  
General Counsel

91040880520



**FEDERAL ELECTION COMMISSION**

WASHINGTON, D.C. 20463

November 4, 1991

Robert J. Cordy, Esquire  
Burns & Levinson, Counsellors at Law  
50 Milk Street  
Boston, Massachusetts 02109

RE: MUR 3030  
(formerly MUR 2600)  
Comfelt Sales Corporation

Dear Mr. Cordy:

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 Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

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

91040880521



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 4, 1991

H. Julian Philpott, Jr., Esquire  
North Carolina Farm Bureau Mutual  
Insurance Company  
P.O. Box 27427  
Raleigh, North Carolina 27611

RE: MUR 3030  
(formerly MUR 2600)  
North Carolina Farm Bureau  
Mutual Insurance Company

Dear Mr. Philpott:

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 Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

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

Lawrence M. Noble  
General Counsel

9104080522



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

November 4, 1991

George J. Vande Werken  
Bank of Highland  
Highland, Indiana 46322

RE: MUR 3030  
(formerly MUR 2600)  
Bank of Highland

Dear Mr. Vande Werken:

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 Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

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

Lawrence M. Noble  
General Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

November 4, 1991

Thomas E. Wolf, President  
Platte Valley Bank  
North Bend, Nebraska 68649

RE: MUR 3030  
(formerly MUR 2600)  
Platte Valley Bank

Dear Mr. Wolf:

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 Phillip L. Wise, the attorney assigned to this matter, at (202) 219-3400.

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

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3030

DATE FILMED 11/20/91 CAMERA NO. 2

CAMERAMAN AS

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FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 3030.

12/13/91

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Doc 3190

*Richard Lehmann & Associates, Inc.*

Investment Advisors / Portfolio Managers

**CLOSED**

MUR 3030

91 OCT 22 AM 9:39

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL

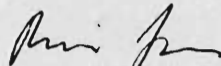
October 15, 1991

Ms. Lois Lerner  
Associate General Counsel  
Federal Election Commission  
Washington D.C. 20463

Dear Ms. Lerner:

Further to my letter of June 24 as I advised Then, I would contact the other individuals associated with the Municipal Bond Investors Committee regarding a conciliation agreement. As expected, since dissolution of the WPPSS 4 & 5 Bondholders Committee, there is no one left to accept responsibility for the Committee.

Sincerely,



Richard Lehmann

91040882303