



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3038

DATE FILMED 9/5/91 CAMERA NO. 3

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MJ000676

February 26, 1990

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: BENTSEN FOR VICE PRESIDENT - 88 - MATTER
REFERABLE TO THE OFFICE OF GENERAL COUNSEL

On February 23, 1990, the Commission approved the referral of Exhibit A to your office. Please find attached said Exhibit.

Should you or your staff wish to review any audit workpapers or discuss this matter, please contact Tom Nurthen or Alex Boniewicz at 376-5320.

Attachment:

Exhibit A - Prohibited Contribution

Prohibited Contribution

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 or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section.

Section 100.7(a)(1) of Title 11 of the Code of Federal Regulations states that the term "contribution" includes the following payments, services or other things of value: a gift, subscription, loan (except for a loan made in accordance with 11 CFR 100.7(b)(11)), advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

Section 100.7(a)(1)(i)(B) of Title 11 of the Code of Federal Regulations states, in part, that a loan is a contribution at the time it is made and is a contribution to the extent that it remains unpaid.

The Committee reported a \$5,000 disbursement to Media Southwest, the purpose of which was disclosed as "partial payment consultant." The canceled check, dated August 9, 1988, was annotated on the memo line as "partial payment; balance \$3,936.70." No other supporting documentation for this transaction was available for review. When questioned, a Committee official stated that Media Southwest^{*} made a deposit on the hotel rooms utilized by the Committee during the convention. Although it is not clear as to the date and the exact amount of the deposit made by Media Southwest, it appears that at a minimum the deposit was \$8,936.70 (\$5,000 paid plus \$3,936.70 outstanding).

The amount (\$3,936.70) apparently still due Media Southwest was not paid nor was it disclosed as a debt owed by the Committee. Furthermore, the Committee filed its termination report on April 28, 1989 (reported activity through March 31, 1989).

In the interim audit report, the Audit staff recommended that the Committee take the following action:

* Media Southwest is a corporation in good standing; the date of incorporation was 11/24/81.

- provide documentation which demonstrates that the contribution was not funded from corporate sources, or refund the amount (\$8,936.70 - \$5,000) in question and provide evidence of such refund. If funds are not available, disclose the amount as a debt owed by the Committee;
- provide documentation from the hotel(s) that verifies the exact date and amount of the deposit made by Media Southwest, to include copies of all folios detailing all occupants and respective charges;
- determine the disposition of the balance owed; if paid, include method of payment and the source of payment;
- amend its reports to disclose the original amount of the deposit paid by Media Southwest as a debt owed by the Committee, payments thereto, and the correct amount outstanding which should be continuously reported until paid;
- provide any other relevant information/documentation which clarifies the transaction (hotel deposit) discussed above to include but not limited to photocopies of any correspondence/documents (both sides of the check(s) used to effect any payments made on behalf of the Committee) generated by Media Southwest.

On February 14, 1990, the Committee provided documentation which demonstrated that the total amount of the deposit made on its behalf by Media Southwest was \$5,934.70.* / Media Southwest's check, dated July 15, 1988, was received by the Hyatt Regency on July 19, 1988. The Committee also provided a copy of the hotel's accounting statement which verified the deposit as well as indicated that a credit balance of \$988.45 existed.** /

* The Committee has stated that the notation on its check with respect to the balance due Media Southwest (\$3,936.70) was in error, as instruction for payment was made by telephone and no backup data was available.

** The hotel accounting statement also indicated that the Committee made a deposit of \$3,912.50 and Senator Bentsen's Senate Campaign Committee made a deposit of \$5,934.70 on July 19, 1988.

On November 10, 1989, the hotel issued a \$988.45 check payable to "Bensten (sic) Staff Rooms." On December 4, 1989, by letter, the Committee returned the check to the hotel and requested that it be reissued to Media Southwest (address provided). Furthermore, a Committee representative stated in the response that a "direct payment was received and deposited by Media Southwest in December, 1989."

Finally, the Committee filed amended reports which disclosed the deposit as a loan from Media Southwest; the \$5,000 payment on August 9, 1988 to Media Southwest, originally disclosed as a payment for consulting services, as a loan repayment; and the refund from the hotel as a final loan repayment.

It is the opinion of the Audit staff that the Regulations at 11 C.F.R. §103.3(b)(1), which allow the Treasurer 10 days to deposit a questionable contribution and 30 days to refund the contribution if the contribution cannot be determined to be legal, are not applicable in this matter, since it is evident that the Committee at the outset was aware that Media Southwest was making a deposit (prohibited contribution) on its behalf.

Therefore, it is also our opinion that the entire deposit (\$5,934.70) made by Media Southwest on behalf of the Committee, represented a corporate contribution prohibited under 2 U.S.C. §441b(a) by the contributor to the Committee for the period of time it remained outstanding (\$5,934.70 from July 19, 1988 to August 9, 1988 and \$934.70 from August 9, 1988 to December 1989). Further, it appears that a violation of 2 U.S.C. §441a(f) may have occurred on the part of the Committee.

Recommendation

The Audit staff recommends that pursuant to the Commission approved Materiality Thresholds, this matter be referred to the Commission's Office of General Counsel.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

March 14, 1990

MEMORANDUM

TO: Robert J. Costa
Assistant Staff Director
Audit Division

THROUGH: John C. Surina
Staff Director

FROM: Lawrence M. Noble *[Signature]*
General Counsel

BY: Lois G. Lerner *[Signature]*
Associate General Counsel

SUBJECT: MUR 3038 - Bentsen for Vice President - 88 (Audit Referral)

The Office of the General Counsel has received the above mentioned referral from the Audit Division. While the referral notes the Bentsen Committee's response to the Commission's interim audit report, this response was not provided as part of the referral sent to this Office. Since we did not review the proposed final audit report and referral of the Bentsen Committee prior to their circulation to the Commission, this Office has not already received this response. We request that the Audit Division provide us with a copy of the Bentsen Committee's response to the interim audit report so that this Office can properly review this matter.

We also request that such responses be included with future referrals in all instances where the final audit report and proposed referral have not been previously reviewed by this Office.

If you have any questions about this request, please contact Associate General Counsel Lois G. Lerner or Special Assistant General Counsel Kim L. Bright-Coleman, at 376-5690.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AR-90-10 / #128
1990
MJ000728

March 16, 1990

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA *Ref For RJK - 3/16/90*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: MUR 3038 - BENTSEN FOR VICE
PRESIDENT - '88 (AUDIT REFERRAL)

In response to your request, please find attached the Bentsen committee's response to the interim audit report (minus the amendments currently on the public record).

If you have any questions, please contact Tom Nurthen at 376-5320.

Attachment as stated

Alm file
Rec'd 2-14-90
gr

BENTSEN FOR VICE PRESIDENT - '88
P. O. Box 61202
Houston, Texas 77208

February 9, 1990

Mr. Robert J. Costa, Assistant Staf Director
Federal Election Commission, Audit Division
Washington, D. C. 20463

RE: Bentsen for Vice President-'88
Interim Report of Audit Div.
January 10, 1990

Dear Mr. Costa,

In response to referenced recommendations, we offer the following:

Attached are two letters concerning the \$1,000 contribution from Stradley, Barnett and Stein, which document contribution was not from Corporate funds. This was confirmed earlier in a telephone conversation, and later in writing.

The \$5,934.70 deposit to the Hyatt Regency made by Media Southwest is documented by copy of their check #1464, 7/15/88, and the statement from the Hyatt showing the credit in like amount on 7/19/88. This advance hotel deposit was to be added to their consulting fee as part of their expense, however, Media Southwest services were not used in connection with the Vice Presidential nomination. A refund of this advance deposit was made by our check #005 in the amount of \$5,000 and the balance to be received from the Hyatt in the form of credit due.

As a result of your audit a check was made with Media Southwest and we discovered they had not received the credit. Contact was made with the Hyatt and refund check had not cleared, and was then sent to a staff person in Austin who forwarded same to Houston (copy attached). This check and letter of explanation was returned to the Hyatt requesting payment direct to Media Southwest. The direct payment was received and deposited by Media Southwest in December 1989.

The notation on our check #005 of balance due was in error, as instructions for payment was made on telephone and no backup data was available at that time. The only amount due was the \$900 plus which was agreed upon to be covered by the Hyatt refund. No other funds were received or expended regarding Media Southwest.

FEC report for said period has been amended to reflect the amount advanced by Media Southwest as a loan due with \$5000 payment made on the loan, not for consulting services as originally reported. Loan was paid in full by refund from the Hyatt which issued direct to Media Southwest.

Attached is documentation for above explanations. If you have any questions, feel free to contact me in Senator Bentsen's Houston office, 713/653-3456.

Sincerely,


Mrs. Sue Eisenbrook

encl.

21 40 5 3 3 2

LETTER CONFIRMING TELEPHONE CONVERSATION VERIFYING
NOT CORPORATE FUNDS: REQUESTING WRITTEN CONFIRMATION.

October 18, 1989

Ms. Bonnie Stone
Stradley, Barnett and Stein
440 Louisiana, Suite 2000
Houston, Texas 77002

RE: Contribution to Senator
Lloyd Bentsen, 7/15/88

Dear Ms. Stone,

On July 15, 1988 a contribution was made from Stradley, Barnett and Stein to Senator Lloyd Bentsen's Vice Presidential Committee. This Committee was set up for the purpose of paying for Convention expenses prior to Senator's selection as the Vice Presidential candidate.

On September 21, 1989, I spoke with you about this contribution in the amount of \$1,000, check #1063, drawn on the S.B.S. Investment Account (copy attached).

As I explained, in September the Bentsen for Vice President Committee was audited by the Federal Election Commission and this contribution was brought to our attention. The auditor had checked with the Texas Secretary of State and informed us that Stradley, Barnett and Stein is incorporated, as verified by you.

However, you made me aware that the Investment Account, from which the check was drawn, contains personal funds of the three partners and is not incorporated.

Our Committee needs a letter to this effect to be included in our audit response to the FEC. I am sorry for the inconvenience, however, to comply with the regulations we must have such a statement or return the contribution.

Thank you for your assistance and continued support of Senator Bentsen.

Sincerely,

Mrs. Sue Elsenbrook

STRADLEY, BARNETT & STEIN, P.C.
ATTORNEYS AT LAW

440 LOUISIANA
LYRIC OFFICE CENTRE, SUITE 2000 BOX 174
HOUSTON, TEXAS 77002-1693

AREA CODE 713
284-4488
FAX# 284-4845

WILLIAM J. STRADLEY
DON M. BARNETT
ROBERT F. STEIN, JR.
JANE MCELDOWNEY
LEE ANN ELVIG

OF COUNSEL
WILLIAM P. CANNON

October 19, 1989

OCT 23 1989

Mrs. Sue Elsenbrook
P.O. Box 61202
Houston, Texas 77208

Re: Contribution to Senator Lloyd Bentsen
July 15, 1988

Dear Mrs. Elsenbrook:

I have received your letter regarding the above contribution and this will confirm our phone conversation. The bank account from which these funds were drawn contains only personal monies of William J. Stradley, Don M. Barnett & Robert F. Stein. Even though it is named Stradley, Barnett & Stein, Investment Account no corporation funds are ever deposited in that account.

I hope this will alleviate any problem it might have caused with your audit.

Very truly yours,

Bonita M. Stone
Bonita M. Stone
Office Manager



**MEDIA
SOUTHWEST**

702 Colorado Street, Suite 200
Austin, Texas 78701



First Republic Bank

N°

1464

First Republic Bank Austin, N.A.
Post Office Box 900
Austin, Texas 78701

7/15/ 1988

BB 17/1149

PAY

5934.70 CTS

DOLLARS 5,934.70

TO
THE
ORDER
OF

HYATT REGENCY

Handwritten signature: Sarah A. Kittell

1500 F

11149001771

0428334

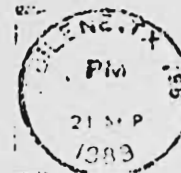
0000593470



Public Relations
Advertising
Governmental Affairs
Marketing

**MEDIA
SOUTHWEST**

857 N. Mockingbird Ln
Arlene, Texas 79001
915 676-9366



SENATOR BENTSEN CAMPAIGN
1919 SMITH, STE. 800
HOUSTON, TX 77002

ATTN: SUE

Media Southwest check forwarded to Hyatt as a hotel expense.

SMALL HALL 1517 ACCT

--- ACCIDENT TOTAL

055105X000

REF CREDIT BAL

--- ACCIDENT TOTAL

001 550 71 21 05 00 01 1 1 A 5 1

DEFEASE ACCIDENT

--- ACCOUNT TOTAL

FOI 3506071005

HENSTEN STAFF ROOMS 7/17/88
4411 AVENUE
AUSTIN TX 78751
PHONE: (713) 224-2505
ATTN: MIKE SINS

002000 15502

M/M S. ATLAS/ANN KOWAN

--- ACCOUNT TOTAL

350907124A

WFF CREDIT RAN

--- ACCOUNT TOTAL

WATT RILEY & STANTIA

[illegible]

1990

101 551 071 888

OVERCHG

--- ACCOUNT TOTAL

FD-351 (07-1985)

REF CREDIT BAL

--- ACCOUNT TOTAL

F013512072044

AY DYT

--- ACCOUNT TOTAL

501351 1071900

--- ACCOUNT TOTAL

FOI 351072100 RELEASED

RELEASE ACCOUNT

... ACCOUNT TOTAL

5113515672888

ALL AMERICAN POWER COMPANY

015481001500	[REDACTED]	--- ACCOUNT TOTAL ---	4000	00	50000	0	50000
015492070000	[REDACTED]	--- ACCOUNT TOTAL ---	50000	00	50000	50000	
015505071500 RELEASED	[REDACTED]	NOT CR 18530 REV TAX (IN DRINKS) --- ACCOUNT TOTAL ---	205182	52211 48200 504011	509193	52211	156482
015508071000 RELEASED	[REDACTED]	CASH VARIANCE RELEASE ACCOUNT --- ACCOUNT TOTAL ---	298554	298554 0 298554	00		
015509071000 RELEASED	[REDACTED]	HEF-OVERPYMT RELEASE ACCOUNT --- ACCOUNT TOTAL ---	98845	98845 0 98845	00		
015516072000 RELEASED	[REDACTED]	HEF-OVERPYMT RELEASE ACCOUNT --- ACCOUNT TOTAL ---	127006	127006 0 127006	00		

INVOICE NO

AMOUNT

T AMT.

DEPOSIT

5934.70

DATE

07/15/88

CHECK NUMBER

002171

Deposit from Senate Campaign Committee funds for
Senate part of hotel expenses.

SENATOR LLOYD BENTSEN

ELECTION COMMITTEE

P.O. BOX 61202

HOUSTON, TEXAS 77208

TEXAS COMMERCE BANK Houston

P.O. Box 2858

Houston, Texas 77252

3500

1130

002171

CHECK NO.

002171

** FIVE THOUSAND NINE HUNDRED THIRTY FOUR DOLLARS AND 70/CENTS **

DATE

07/15/88

AMOUNT

*****5934.70

Hyatt Regency Atlanta

Post Office Box 1732

Atlanta, GA 30371-

NON-NEGOTIABLE

⑈002171⑈ ⑆1130006091⑆ 075⑈8532⑈

Dr. Nelson =
whites not at fault

*U.P.S.**5214*

InterFirst
N.A.
Member FDIC
Invertrust Bank Austin, TX
Box 906 • Austin, Texas 78781
DEPOSIT ONLY
ANY OTHER BANKS
OR CREDIT UNIONS
CANNOT OPEN AN ACCOUNT WITH US
CALL 1-800-4-A-SOUTHWEST INC.
OR 282334
09-55

Senator Bentsen

Election Committee

December 4, 1989

Hyatt Regency Atlanta
265 Peachtree Street
Atlanta, GA 30303

Attention: Ms. Carla Wilson, Credit Department

RE: Refund on Overpayment
Check #185437, \$988.45

Dear Carla:

As per our telephone conversation today, I have enclosed referenced check made payable to Bentsen Staff Rooms.

To bring you up to date, after receiving a statement from the Hyatt Atlanta during the Democratic Convention, we noticed a refund in referenced amount dated 1/31/89. Since this refund had never been received, I contacted the Hyatt in October and talked with Julie. She was to check with the Hyatt Corporation in Chicago to see if the refund had ever been issued. In November, I received a call from Mike Sims in Austin informing me he had just received referenced refund and ask for directions on how to handle. I instructed him to forward check to me, as it should have been issued to our media firm who made one of our original deposits listed on our statement on 7/19/88 in the amount of \$5,934.70.

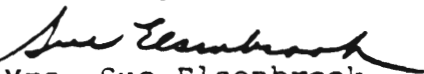
Please see that enclosed check is returned to your Corporate office and one is reissued to:

Media Southwest
702 Colorado, Suite #270
Austin, Texas 78701

We request this refund be made in this manner as Media Southwest made one of the two original deposits, and the Bentsen Vice Presidential Committee has been dissolved.

If you need additional information please feel free to contact me at 713/653-3456.

Sincerely,



Mrs. Sue Elsenbrook
1919 Smith, Suite 800
Houston, Texas 77002

HYATT CORPORATION
 HYATT REGENCY ATLANTA
 265 PEACHTREE STREET
 ATLANTA, GA 30303

VENDOR NO.
 A000-009601

DATE
 11-10-89

CHECK
 NUMBER
 185437

DICE NO.	INVOICE DATE	REFERENCE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET AMOUNT
26308	11-08-89	11-41	REF. OVERPAY E13508 <i>See attached to 11/10/89 Hyatt Regency Atlanta</i>			988.45

DETACH BEFORE DEPOSITING



HYATT CORPORATION
 HYATT REGENCY ATLANTA
 265 PEACHTREE STREET
 ATLANTA, GA 30303

DATE
 11-10-89
 VOID AFTER 180 DAYS

CHECK
 NUMBER
 185437

70-2328
 719
 223

Pay Order
 BENSTEN STAFF ROOMS
 ATTEN MIKE SINS
 4411 AVENUES
 AUSTIN, TX 78751

PAY THIS AMOUNT
 *****988.45

DISBURSEMENT ACCOUNT

12/1/89
Bank of America

⑈185437⑈ ⑆071923284⑆ 49⑈04656⑈



SUE ELSENBROOK
 SPECIAL ASSISTANT
 SENATOR LLOYD BENTSEN

919 SMITH STREET, SUITE 800
 HOUSTON, TEXAS 77002

(713) 653-3456

ORIGINAL RECEIPT FROM HOTEL REGARDING PAYMENTS RECEIVED

BENTSEN

Single (w/ tax) 138.75
Double (w/ tax) 160.95

Rec'd 5934.70
5934.70
11869.47

Dates	# nights	rate w/ tax	Room #	name(s)	Total	
7/15-22	7	160.95	1149	Mike Sinns w/ Matt Dowd	1126.65	.
7/15-22	7	138.75	1150	Bentzen Office	971.25	.
7/15-22	7	138.75	1143	Charlotte Hawkins	971.25	.
7/16-22	6	138.75	1142	Pete Merin	832.50	.
7/16-22	6	138.75	1244	Charlie Simpson	832.50	Not in
7/16-22	6	160.95	1248	Robert Mallett w/ Ray Bonilla	965.70	.
7/17-22	5	138.75	1246	Jim Sale (guest of Jack Martin)	693.75	.
7/16-22	6	160.95	1249	Dan McClung w/ Chris Reese	965.70	.
7/17-22	5	138.75	1250	Ann Rowan	693.75	.
7/17-22	5	160.95	1141	Clasae Jacksons Jon Hall	804.75	88 50
7/17-22	5	138.75	1144	Nancy McKenney	693.75	412
7/17-22	5	160.95	1148	Day Erwin & Linda Rogers	804.75	43
7/17-22	5	138.75	346	Mike Tiebert	693.75	43
7/17-22	5	138.75	1151	Jack DeBore	693.75	42
7/17-22	5	138.75	1152	Ed Knight	693.75	.
7/17-22	5	160.95	1153	Scott & Nancy Atlas	804.75	.
7/17-22	5	138.75	1154	Sandy Kress	693.75	.
7/17-22	5	138.75	1155	Steve Ward	693.75	.
7/16-22	6	160.95	1156	Blaine Bull w/ James Taylor	965.70	.
7/17-22	5	138.75	1042	Lloyd Bentzen III	693.75	.
7/17-22	5	138.75	1043	Jan Bentzen	693.75	.
7/17-22	5	160.95	1044	Tina & Rick Smith	804.75	.
7/17-22	5	160.95	1045	Mary & Kenneth Bentzen	804.75	254
7/17-22	5	138.75	1147	Lloyd Bentzen Sr.	693.75	93
7/17-22	5	160.95	1146	Betty & Dan Wynn	804.75	60
7/17-22	5	160.95	1145	Don & Nell Bentzen	804.75	.
7/21-22	1	138.75	TBA	Paul Wageman	138.75	? 532
7/17-22	5	160.95	948	Mr & Mrs Livingston Kosberg	804.75	22
7/17-22	5	138.75	1124	George Christian	693.75	?

01040060715

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

354 Peachtree Street, N.E., P.O. Box 1752, Atlanta, GA 30371 404-577-1234
 Rates 542485 Toll Free Reservations 1-800-228-9000

ELIM

1150 BENTSEN OFFICE 125400 DUPLICATE 9 8724 ACCT#
 DEMOCRATIC PARTY CONVEN Plan 07/14/88 GROUP
 1816

City BOSTON MA DB R/T E13508DC

Date Reference Charges Credits Balance Due

7/15 ROOM	1150.1	125.00		
7/15 RM TAX	1150.1	13.75		
7/15 LOCAL	L284	.75		
7/15 LOCAL	L292	.75		
7/15 LOCAL	L293	.75		
7/15 ROOM	1150.1	125.00		
7/15 RM TAX	1150.1	13.75		
7/17 LNG DIST	L071-202	.75		
7/17 LNG DIST	L071-202	3.75		
7/17 RMSRV	050902	9.75		
7/17 RMSRV	050888	20.13		
7/17 LOCAL	L236	.75		
7/17 RMSRV	050974	17.47		
7/17 LNG DIST	L061-314	.75		
7/17 ROOM	1150.1	125.00		
7/17 RM TAX	1150.1	13.75		
7/18 LOCAL	L109	.75		
7/18 LNG DIST	L147-713	4.03		
7/18 LNG DIST	L148-713	.75		
7/18 LNG DIST	L273-202	3.75		
7/19 RMSRV	051265	10.10		



Still the place to be

07/18 LOCAL	L295	.75
07/18 RMSRV	051272	18.24
07/18 LOCAL	L012	.75
07/18 LNG DIST	L107-512	.75
07/18 P BUTLER	ST008950	15.75
07/18 LOCAL	L175	.00
07/18 LOCAL	L189	.00
07/18 LOCAL	L211	.75
07/18 LOCAL	L279	.75
07/18 LNG DIST	L281-512	4.05
07/18 LNG DIST	L283-512	4.05
07/18 LNG DIST	L284-713	3.72
07/18 ROOM	1150, 1	125.00
07/18 RM TAX	1150, 1	25.75
07/19 LNG DIST	L067-713	3.86
07/19 LOCAL	L085	.75
07/19 RMSRV	051570	14.39
07/19 LOCAL	L122	.75
07/19 LNG DIST	L154-202	.75
07/19 LNG DIST	L189-202	.75
07/19 LOCAL	L205	.75

Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

200 Peachtree Street, Atlanta, Georgia 30303, 404-577-8884

HYATT REGENCY ATLANTA

THE BENTSEN

BENTSEN OFFICE

DUPLICATE

DEMOCRATIC PARTY CONVEN

07/18/88

BOSTON

MA

DB R/T E13508DC

Date Reference Charge Credits Balance Due

07/19 LOCAL	L207	.75
07/19 LNG DIST	L219-202	.75
07/19 P BUTLER	ST009115	9.19
07/19 LNG DIST	L296-202	.75
07/19 LOCAL	L297	.75
07/19 LOCAL	L314	.75
07/19 RMSRV	051648	82.58
07/19 LOCAL	L009	.75
07/19 LOCAL	L012	.75
07/19 LOCAL	L013	.75
07/19 LOCAL	L014	.75
07/19 LOCAL	L015	.75
07/19 LOCAL	L016	.75
07/19 LOCAL	L017	.75
07/19 LOCAL	L019	.75
07/19 LOCAL	L021	.75
07/19 LOCAL	L021	.75
07/19 LOCAL	L023	.75
07/19 LOCAL	L025	.75
07/19 LOCAL	L026	.75
07/19 LOCAL	L028	.75

07/19 RMSRV	051663	30.64
07/19 LOCAL	L033	.75
07/19 LOCAL	L034	.75
07/19 LNG DIST	L090-512	.75
07/19 LOCAL	L097	.00
07/19 LOCAL	L118	.75
07/19 LOCAL	L155	.00
07/19 LNG DIST	L183-202	.75
07/19 LNG DIST	L185-512	.75
07/19 LNG DIST	L315-415	5.41
07/19 LOCAL	L001	.75
07/19 LOCAL	L049	.75
07/19 LOCAL	L061	.75
07/19 ROOM	1150. 1	125.00
07/19 RM TAX	1150. 1	13.75
07/20 LOCAL	L136	.00
07/20 LOCAL	L138	.00
07/20 LOCAL	L145	.00
07/20 LNG DIST	L181-202	.75
07/20 LNG DIST	L289-202	6.19
07/20 LNG DIST	L293-202	.75

ATMA

Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

265 Peachtree Street, N.E., P.O. Box 1732, Atlanta, GA 30371 404-577-1234
 Telex 957097 The Hyatt Regency Hotel 225-9000

1450 BENTSEN OFFICE

125.00 DUPLICATE

8724

DEMOCRAT-MASS CONVEN

07/18/88

BOSTON

MA

DB R/T E1350BDC

07/20 LNG DIST	L296-202	.75
07/20 LNG DIST	L301-512	3.73
07/20 LOCAL	L318	.75
07/20 LOCAL	L010	.75
07/20 LOCAL	L051	.00
07/20 LOCAL	L052	.00
07/20 LOCAL	L055	.75
07/20 LNG DIST	L145-202	4.03
07/20 LOCAL	L155	.75
07/20 MISC	CAR BURN	100.00
07/20 LOCAL	L009	.75
07/20 ROOM	1150. 1	125.00
07/20 RM TAX	1150. 1	13.75
07/21 LOCAL	L099	.75
07/21 RMSRV	052321	14.39
07/21 LOCAL	L130	.75
07/21 LOCAL	L148	.00
07/21 LOCAL	L227	.75
07/21 RMSRV	052391	24.75
07/21 LNG DIST	L276-202	.75
07/21 LNG DIST	L281-202	.75

07/21 LNG DIST L283-202 .75
 07/21 LOCAL L000 .00
 07/21 RMSRV 052419 102.84
 07/21 LNG DIST L035-202 7.12
 07/21 LNG DIST L049-202 4.64
 07/21 LOCAL L070 .75
 07/21 LOCAL L076 .00
 07/21 LOCAL L092 .00
 07/21 LNG DIST L107-202 4.95
 07/21 LNG DIST L112-713 4.64
 07/21 LNG DIST L113-202 .75
 07/21 LOCAL L116 .00
 07/21 LOCAL L129 .75
 07/21 LNG DIST L170-202 .75
 07/21 LOCAL L173 .00
 07/21 LNG DIST L180-202 .75
 07/21 LOCAL L214 .00
 07/21 ROOM 1150.1 125.00
 07/21 RM TAX 1150.1 13.75
 07/22 LNG DIST L053-301 4.33
 07/22 LNG DIST L053-703 3.62

Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

265 Peachtree Street, N.E., Box 1732, Atlanta, GA 30371 404-577-1234
 Telex 912807 Hyatt Regency Atlanta Ga 30301

1150 BENTSEN OFFICE

125400 DUPLICATE

DEWK DEMOCRAT WAVE CONVEN

07/18/88

Client

BOSTON

MA

DB R/T E125190C

Date

Reference

Charge

Credit

Balance Due

07/22 LOCAL L054 .75
 07/22 LNG DIST L054-301 3.62
 07/22 LNG DIST L059-301 3.72
 07/22 LOCAL L062 .75
 07/22 LNG DIST L063-202 4.03
 07/22 LNG DIST L065-202 3.72
 07/22 LNG DIST L066-202 4.34
 07/22 LNG DIST L069-202 4.03
 07/22 LNG DIST L075-202 3.72
 07/22 LNG DIST L163-313 4.34
 07/22 LNG DIST L183-512 9.16
 07/22 RMSRV 052740 22.38
 07/22 LOCAL L236 .00
 07/22 LOCAL L253 .75
 07/22 LNG DIST L268-404 .75
 07/22 CR CD-DC
 07/22 TRANSFER CL 105

654.87
 971.25

.00

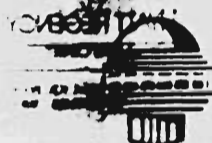
HYATT REGENCY ATLANTA

ATLANTA - HYATT REGENCY

02111

07/17 ROOM	1145, 1	145.00
07/17 RM TAX	1145, 1	15.95
07/18 ROOM	1145, 1	145.00
07/18 RM TAX	1145, 1	15.95
07/19 LNG DIST	L029-404	.75
07/19 ROOM	1145, 1	145.00
07/19 RM TAX	1145, 1	15.95
07/20 CASH	CASH	.75
07/20 P BUTLER	ST009522	4.99
07/20 LNG DIST	L235-512	7.24
07/20 ROOM	1145, 1	145.00
07/20 RM TAX	1145, 1	15.95
07/21 LNG DIST	L220-512	.75
07/21 P BUTLER	ST010006	15.23
07/21 CASH	CK/1145	.00
07/21 CR CD-AX		
07/21 RMSRV	052482	23.55
07/21 LNG DIST	L300-806	.75
07/21 LOCAL	L302	.75
07/21 LNG DIST	L305-512	.75
07/21 ROOM	1145, 1	145.00

804.75



Stay the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

265 Peachtree Street, N.E., Box 1732, Atlanta, GA 30371 404-577-1234

07/21/88

0045 BENTSEN, SEN/NELL 07/20/88 DUPLICATE

DEKAKIS-CAMPAIGN

07/19/88

105 CHAUNCEY ST

BOSTON

02111

07/21 RM TAX	1145, 1	15.95
07/22 CR CD-AX		54.01

54.01

.00

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

265 Peachtree Street, N.E., Box 1732, Atlanta, GA 30371, 404-577-1234
Telex 543485 Toll Free Reservations 1-800-328-9088

Toll-free 1-800-228-9000

Name	260 BENTSEN, KENNETH	Date	125.00	Deposit	125.00	ACCT#	13195
Type	Plan or Group	Plan		Amount			
STD				07/22/88			
Class							
Date	Reference	Payment	AX	Charges		Credits	Balance Due

~~TYPE~~
STD

Cluster

Date	Reference	Charge	A/X	Credit	Balances Due
-------------	------------------	---------------	------------	---------------	---------------------

07/22 ROOM	125.00	
07/22 ROOM TAX	13.75	
07/22 CR CD-RX		138.75

22 FROM TAX

7/22 CR CD-RX



BOSTON

DB M4933

07/17 ROOM	2356. 1	600.00
07/17 RM TAX	2356. 1	66.00
07/18 LOCAL	L064	.75
07/18 LOCAL	L065	.75
07/18 LOCAL	L246	.00
07/18 LOCAL	L247	.00
07/18 LNG DIST	L255-202	4.64
07/18 LNG DIST	L260-512	5.00
07/18 LOCAL	L271	.00
07/18 LOCAL	L272	.00
07/18 LNG DIST	L278-512	4.05
07/18 LNG DIST	L286-202	.75
07/18 LOCAL	L149	.75
07/18 ROOM	2356. 1	600.00
07/18 RM TAX	2356. 1	66.00
07/19 LOCAL	L174	.75
07/19 LNG DIST	L270-202	4.34
07/19 LOCAL	L303	.00
07/19 LOCAL	L304	.00
07/19 LOCAL	L309	.00
07/19 KOBENHAVN	057300	34.87



Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

200 Peachtree Center, N.E., Box 1732, Atlanta, GA 30301 404-577-1284
 200 Peachtree Center, N.E., Box 1732, Atlanta, GA 30301 404-577-1284

Room	2356	Name	BENTSEN, LLOYD MM/1	Rate	600.00	Deposit	DUPLICATE	12:07 ACCT#
Room or Group	INTL	Room or Group	DEMOCRAT NATL CONVEN	Rate	07/17/88	Deposit	1842	
City	V1*****	City	BOSTON	State	MA	Payment	DB M4933	1816
Date		Reference		Charge		Credit		Balance Due

07/19 ROOM	2356. 1	600.00
07/19 RM TAX	2356. 1	66.00
07/20 LNG DIST	L177-713	9.87
07/20 LNG DIST	L227-713	.75
07/20 LNG DIST	L113-215	.75
07/20 ROOM	2356. 1	600.00
07/20 RM TAX	2356. 1	66.00
07/21 LOCAL	L077	.00
07/21 LOCAL	L282	.75
07/21 LNG DIST	L004-713	.75
07/21 LOCAL	L005	.75
07/21 LNG DIST	L064-214	.75
07/21 LNG DIST	L148-713	.75
07/21 LOCAL	L003	.00
07/21 LOCAL	L003	.00
07/21 LOCAL	L004	.00
07/21 ROOM	2356. 1	600.00
07/21 RM TAX	2356. 1	66.00
07/22 TRANSFER	CL 105	

3442.57




Still the place to be.

02111

07/17 ELSAFE	14320	3.15
07/17 ROOM	2342. 1	160.00
07/17 RM TAX	2342. 1	17.60
07/18 ELSAFE	14462	3.15
07/18 ROOM	2342. 1	160.00
07/18 RM TAX	2342. 1	17.60
07/19 ROOM	2342. 1	160.00
07/19 RM TAX	2342. 1	17.60
07/20 LAUNDRY	000000	11.25
07/20 ROOM	2342. 1	160.00
07/20 RM TAX	2342. 1	17.60
07/21 ELSAFE	14591	3.15
07/21 ROOM	2342. 1	160.00
07/21 RM TAX	2342. 1	17.60
07/22 LNG DIST	L127-713	.75
07/22 LNG DIST	L140-713	.75
07/22 TRANSFER	CL 105	

910.20

.00



Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

255 Peachtree Street, N.E., Box 1732, Atlanta, GA 30301 (404) 577-1234
 Telex 543485, Toll Free Reservation 1-800-828-9688

1007 BENTSEN, MLOYD SRV2 125 MND DUPLICATE 12:00 ACCT# 8755

DL#4 DUKAKIS CAMPAIGN

Pin 07/17498

Class 105 CHAUNCEY ST
 BOSTON MA

DB D-712

Date 02111

Reference

Changes

Credits

Balance Due

07/17 ROOM	1147. 1	125.00
07/17 RM TAX	1147. 1	13.75
07/18 ROOM	1147. 1	125.00
07/18 RM TAX	1147. 1	13.75
07/18 COPENHAGEN	153566	25.82
07/19 ROOM	1147. 1	125.00
07/19 RM TAX	1147. 1	13.75
07/20 LOCAL	L173	.75
07/20 LOCAL	L189	.75
07/20 LOCAL	L193	.75
07/20 LNG DIST	L217-504	.75
07/20 LNG DIST	L222-504	.75
07/20 LOCAL	L317	.75
07/20 LOCAL	L318	.75
07/20 LOCAL	L324	.75
07/20 ROOM	1147. 1	125.00
07/20 RM TAX	1147. 1	13.75
07/21 LOCAL	L072	.75
07/21 LNG DIST	L076-512	4.36
07/21 LOCAL	L181	.75
07/21 LOCAL	L121	.75



Still the place to be.

08111

Date	Description	Amount	Balance
07/21	LNB-DIST	L124-512	3.75
07/21	LOCAL	L271	.75
07/21	LOCAL	L062	.75
07/21	LOCAL	L157	.00
07/21	LOCAL	L169	.00
07/21	CR CD-AX		693.75
07/21	RMSRV	052396	106.40
07/21	ROOM	1147.1	125.00
07/21	RM TAX	1147.1	13.75
07/22	CASH	OSTATUS	.00
07/28	TRANSFER	GL 8763	108.98
07/28	TRANSFER	GL 8760	71.02
07/29	TRANSFER	CL 105	30.14

.00



Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

245 Peachtree Street, N.E., Box 1732, Atlanta, GA 30371, 404-577-1234
 Telex 743037 TRL Reservations 1-800-828-9080

1985 BENTSEN, MARY/KENNE 125.00 DUPLICATE 12:04 ACCT# 8765

DLT DUKAKIS CAMPAIGN V2 07/19/88

105 CHAUNCEY ST
 BOSTON MA

DB REFUND

Date 02111

Reference

Charges

Credits

Balance Due

07/17	ROOM	1045.1	125.00
07/17	RM TAX	1045.1	13.75
07/18	LOCAL	L059	.00
07/18	LOCAL	L060	.00
07/18	ROOM	1045.1	125.00
07/18	RM TAX	1045.1	13.75
07/19	P BUTLER	ST009124	10.50
07/19	LOCAL	L033	.75
07/19	ROOM	1045.1	125.00
07/19	RM TAX	1045.1	13.75
07/20	LOCAL	L052	.00
07/20	P BUTLER	ST009549	13.65
07/20	LOCAL	L117	.75
07/20	LOCAL	L027	.75
07/20	ROOM	1045.1	125.00
07/20	RM TAX	1045.1	13.75
07/21	P BUTLER	ST010068	10.75
07/21	CR CD-AX		314.75
07/21	ROOM	1045.1	125.00
07/21	RM TAX	1045.1	13.75
07/22	CASH	OSTATUS	.00



Still the place to be.

FOR FORMS MANAGEMENT INTL ATLANTA GA 30303 1374

405724

07/28 TRANSFER CL 105 73.84

.00



Sim the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

255 Peachtree Street, N.E., Box 1752, Atlanta, GA 30371 404-977-1234
Telex 543485 The Hyatt Regency 1-800-352-9900

FBI FORMS MANUFACTURED BY ATLANTA, GA 30302 1274

1043 BENTSEN. LBN V2 125.00 DUPLICATE 12:10 ACCT# 8763

DLXK DUKAKIS CAMPAIGN

07/18/78

GROUP 1816

105 CHAUNCEY ST
BOSTON MA

Date 12111

Reference

Payment

Change

Credits

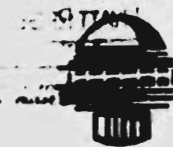
Balance Due

07/18 ROOM	1043. 1	125.00
07/18 RM TAX	1043. 1	13.75
07/19 ROOM	1043. 1	125.00
07/19 RM TAX	1043. 1	13.75
07/20 LOCAL	L067	.00
07/20 ROOM	1043. 1	125.00
07/20 RM TAX	1043. 1	13.75
07/21 LNG DIST	L301-713	4.64
07/21 R BUTLER	ST010070	12.58
07/21 LNG DIST	L321-713	5.88
07/21 MOVIES		6.67
07/21 CR CD-AX		593.75
07/21 ROOM	1043. 1	125.00
07/21 RM TAX	1043. 1	13.75
07/22 CASH	0 STATUS	.00
07/28 TRANSFER	CL 8755	108.98



Sim the place to be.

BOSTON		MA		
02111				
07/18 ROOM	1042. 1	125.00		
07/18 RM TAX	1042. 1	13.75		
07/19 ROOM	1042. 1	125.00		
07/19 RM TAX	1042. 1	13.75		
07/20 ROOM	1042. 1	125.00		
07/20 RM TAX	1042. 1	13.75		
07/21 LNG DIST	L301-713	3.72		
07/21 LNG DIST	L302-713	4.03		
07/21 LNG DIST	L323-713	3.72		
07/21 LNG DIST	L027-713	3.72		
07/21 MOVIES		6.67		
07/21 LNG DIST	L042-713	3.72		
07/21 LNG DIST	L044-713	4.03		
07/21 CR CD-AX			804.75	
07/21 CR CD-AX		804.75		
07/21 CR CD-AX			693.75	
07/21 ROOM	1042. 1	125.00		
07/21 RM TAX	1042. 1	13.75		
07/22 RMSRV	052575	32.12		
07/22 CASH	0 STATUS	.00		
07/22 LAUNDRY		6.00		



Still the place to be.

HYATT REGENCY ATLANTA

IN PEACHTREE CENTER

250 Peachtree Street, N.E., Box 1732, Atlanta, GA 30303 - 404-877-1234
 When 545-6000, 24-Hour Reservation 1-800-225-9000

FILE FORBES MANAGEMENT INTL / ATLANTA, GA 404 262 1374

1042 BENTSEN, LLOYD III 125.00 DUPLICATE 12:10 ACCT#
 12:10 8760
 DLX DUKAKIS CAMPAIGNV2 Plan 07/18/88
 105 CHAUNCEY ST
 BOSTON MA
 Date 02111 Reference Charges Credits Balance Due

07/28 TRANSFER GL 5755 71.02

.00



Still the place to be.

1 4 0 3 6 7 2 5

90 JUN -6 PM 3:59

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

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

MUR # 3038
STAFF MEMBER: Deborah Curry

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

RESPONDENTS: Bentsen for Vice President - 1988 and Media
Southwest

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

INTERNAL REPORTS CHECKED: Bentsen for Vice President - 1988

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter was generated by the Audit Division after an audit of Bentsen for Vice President - 1988 ("Bentsen Committee") to determine compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit covered the period from the Committee's inception (July 1988) through March 31, 1989. The Audit Referral indicates that the Bentsen Committee may have accepted a prohibited corporate contribution.

II. FACTUAL AND LEGAL ANALYSIS

According to the Audit Referral, a \$5,000 disbursement to Media Southwest was originally disclosed as a "partial payment consultant" on the reports of the Bentsen Committee. An audit of the Bentsen Committee disclosed that Media Southwest, a corporation, made a deposit to a hotel for rooms on behalf of the Bentsen Committee. The deposit totaled \$5,934.70. Media

11 40 16 17 28

Southwest's check for the deposit was dated July 15, 1988. The \$5,934.70 check was received and credited by the Hyatt Regency Hotel on July 19, 1988. The Bentsen Committee, in response to the interim Audit Report, provided a copy of the Media Southwest check and a copy of the hotel's accounting statement to verify the deposit. On August 9, 1988, the Bentsen Committee paid Media Southwest \$5,000 leaving an unpaid balance owed to Media Southwest of \$934.70. The Bentsen Committee did not pay the remaining balance of \$934.70 to Media Southwest until December 1989. The Bentsen Committee has amended its reports to disclose: the deposit as a loan from Media Southwest, the \$5,000 payment to Media Southwest on August 9, 1988, and the final loan repayment of \$934.70.

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions or expenditures in connection with any election for a federal office and knowing acceptance of such contributions are prohibited by this section. The term contribution or expenditure is defined to include "any direct or indirect payment, distribution, loan advance, deposit, or gift of money, or any services or anything of value...." 2 U.S.C. § 441b(b)(2). A loan is a contribution at the time it is made and it remains a contribution until it is repaid. 11 C.F.R. § 100.7(a)(1)(i)(B). Pursuant to 2 U.S.C. § 434(b), political committees must report all debts and obligations.

The facts of the matter indicate that Media Southwest made a \$5,934.70 deposit, in the form of a loan, to the Hyatt Regency Hotel on behalf of the Bentsen Committee. This transaction

constituted the making of a prohibited corporate contribution on the part of Media Southwest. Thus, there is reason to believe that Media Southwest violated 2 U.S.C. § 441b(a) by making the prohibited contribution. The Bentsen Committee accepted the prohibited contribution, in the form of a loan, from Media Southwest in violation of 2 U.S.C. § 441b(a). Additionally, the Bentsen Committee failed to report the debt in violation of 2 U.S.C. § 434(b). Accordingly, there is reason to believe the Bentsen Committee and its treasurer violated 2 U.S.C. §§ 441b(a) and 434(b).

III. RECOMMENDATIONS


1. Find reason to believe that Media Southwest violated 2 U.S.C. § 441b(a).
2. Find reason to believe Bentsen for Vice President - 1988 and Preston M. Geren, III, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(b).
3. Approve appropriate letters and the attached Factual and Legal Analyses to Media Southwest and Bentsen for Vice President - 1988 and Preston M. Geren, III, as treasurer.

Lawrence M. Noble
General Counsel

Date

6/6/90

BY:


Lois G. Lerner
Associate General Counsel

Attachments:

1. Audit Referral Materials
2. Interim Audit Response
3. Proposed Factual and Legal Analyses to Media Southwest and the Bentsen Committee

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 3038
Bentsen for Vice President - 1988)
and Media Southwest)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 11, 1990, the Commission decided by a vote of 4-0 to take the following actions in MUR 3038:

1. Find reason to believe that Media Southwest violated 2 U.S.C. § 441b(a).
2. Find reason to believe Bentsen for Vice President - 1988 and Preston M. Geren, III, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(b).
3. Approve appropriate letters and the attached Factual and Legal Analyses to Media Southwest and Bentsen for Vice President - 1988 and Preston M. Geren, III, as treasurer, as recommended in the General Counsel's report dated June 6, 1990.

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

Attest:

6-11-90
Date

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

Received in the Secretariat: Wednesday, June 6, 1990 3:59 p.m.
Circulated to the Commission: Thursday, June 7, 1990 11:00 a.m.
Deadline for vote: Monday, June 11, 1990 11:00 a.m.

dh



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 13, 1990

Preston M. Geren, III, Treasurer
Bentsen for Vice President - 1988
P.O. Box 61093
Houston, TX 77208

RE: MUR 3038
Bentsen for Vice President -
1988 and Preston M.
Geren, III, as treasurer

Dear Mr. Geren:

On June 11, 1990, the Federal Election Commission found that there is reason to believe Bentsen for Vice President - 1988 ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(b), 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 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 that no further action should be taken against the Committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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

Preston M. Geren, III, Treasurer
Page 2

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 Deborah Curry, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott
Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Bentsen for Vice President - MUR 3038
 88 and Preston M. Geren, III,
 as treasurer

According to the Audit Referral, a \$5,000 disbursement to Media Southwest was originally disclosed as a "partial payment consultant" on the reports of the Bentsen for Vice President-88 ("Bentsen Committee"). An audit of the Bentsen Committee disclosed that Media Southwest, a corporation, made a deposit to a hotel for rooms on behalf of the Bentsen Committee. The deposit totaled \$5,934.70. Media Southwest's check for the deposit was dated July 15, 1988. The \$5,934.70 check was received and credited by the Hyatt Regency Hotel on July 19, 1988. The Bentsen Committee, in response to the interim Audit Report, provided a copy of the Media Southwest check and a copy of the hotel's accounting statement to verify the deposit. On August 9, 1988, the Bentsen Committee paid Media Southwest \$5,000 leaving an unpaid balance owed to Media Southwest of \$934.70. The Bentsen Committee did not pay the remaining balance of \$934.70 to Media Southwest until December 1989. The Bentsen Committee has amended its reports to disclose: the deposit as a loan from Media Southwest, the \$5,000 payment to Media Southwest on August 9, 1988, and the final loan repayment of \$934.70.

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions or expenditures in connection with any election for a federal office and knowing acceptance of such contributions are prohibited by this section. The term

contribution or expenditure is defined to include "any direct or indirect payment, distribution, loan advance, deposit, or gift of money, or any services or anything of value...." 2 U.S.C.

§ 441b(b)(2). A loan is a contribution at the time it is made and it remains a contribution until it is repaid. 11 C.F.R.

§ 100.7(a)(1)(i)(B). Pursuant to 2 U.S.C. § 434(b), political committees must report all debts and obligations.

The facts of the matter indicate that Media Southwest made a \$5,934.70 deposit, in the form of a loan, to the Hyatt Regency Hotel on behalf of the Bentsen Committee. The Bentsen Committee accepted the prohibited contribution, in the form of a loan, from Media Southwest in violation of 2 U.S.C. § 441b(a). Additionally, the Bentsen Committee failed to report the debt in violation of 2 U.S.C. § 434(b). Accordingly, there is reason to believe the Bentsen Committee violated 2 U.S.C. §§ 441b(a) and 434(b).



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

June 13, 1990

David Weeks, President
Media Southwest
114 West 7th Street
Suite 700
Houston, TX 78701

RE: MUR 3038
Media Southwest

Dear Mr. Weeks:

On June 11, 1990, the Federal Election Commission found that there is reason to believe your corporation, Media Southwest, 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 Media Southwest. 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 Media Southwest, 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.

David Weeks, President
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 Deborah Curry, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lee Ann Elliott
Chairman

Enclosures

Factual and Legal Analysis
Procedures
Designation of Counsel Form

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Media Southwest

MUR 3038

In the ordinary course of exercising its supervisory responsibilities, the Federal Election Commission has discovered that Media Southwest, a corporation, may have violated 2 U.S.C. § 441b(a). An audit of the Bentsen for Vice President - 1988 Committee ("Bentsen Committee") disclosed that Media Southwest made a deposit to a hotel for rooms on behalf of the Bentsen Committee. The deposit totaled \$5,934.70. Media Southwest's check for the deposit was dated July 15, 1988. On August 9, 1988, the Bentsen Committee paid Media Southwest \$5,000 leaving an unpaid balance owed to Media Southwest of \$934.70. The Bentsen Committee did not pay the remaining balance of \$934.70 to Media Southwest until December 1989. The Bentsen Committee has amended its reports to disclose: the deposit as a loan from Media Southwest, the \$5,000 payment to Media Southwest on August 9, 1988, and the final loan repayment of \$934.70.

Pursuant to 2 U.S.C. § 441b(a), corporations are prohibited from making contributions or expenditures in connection with any election for a federal office and knowing acceptance of such contributions are prohibited by this section. The term contribution or expenditure is defined to include "any direct or indirect payment, distribution, loan advance, deposit, or gift of money, or any services or anything of value...." 2 U.S.C. § 441b(b)(2). A loan is a contribution at the time it is made and it remains a contribution until it is repaid. 11 C.F.R.

§ 100.7(a)(1)(i)(B).

The facts of the matter indicate that Media Southwest made a \$5,934.70 deposit, in the form of a loan, to the Hyatt Regency Hotel on behalf of the Bentsen Committee. This transaction constituted the making of a prohibited corporate contribution on the part of Media Southwest. Thus, there is reason to believe that Media Southwest violated 2 U.S.C. § 441b(a) by making the prohibited contribution.

11-4051737

Public Relations
Advertising
Governmental Affairs
Marketing



MEDIA SOUTHWEST

David M. Weeks
President

REC-7144
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 JUL 27 PM 4:04

857 N. Mockingbird Ln.
Abilene, Texas 79603
915.676-9366

July 26, 1990

MUR 3038

90 AUG -1 PM 4:29

Ms. Lee Ann Elliott
Chairman, Federal Election Commission
Washington, D.C. 20463

Dear Chairman Elliott:

I am writing in response to your letter dated June 13, 1990 concerning the recent audit of the Lloyd Bentsen Vice Presidential campaign.

Your letter states that my company, Media Southwest, violated section 2 U.S.C. 441b of the federal election laws.

I hope this letter helps clarify our position on this matter.

At the time Senator Bentsen went on the ticket, my company was retained to provide services to the Vice Presidential campaign during the 1988 Democratic Convention in Atlanta. It was later determined that our services were not necessary.

In our opinion the payment to us was for services rendered. We never considered it a loan.

We hope this helps clarify the situation. I have been involved in politics for nearly 20 years and have never put our clients or my company in any situation that knowingly violated an election law.

I have a tremendous amount of respect for the work performed by the FEC and will abide by any decision the Commission makes. And, I apologize for the misunderstanding this situation has created.

Sincerely,

David M. Weeks

06C7789

PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

September 7, 1990

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

90 SEP -7 PM 1:08

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Re: MUR 3038 - Bentsen for Vice President - 1988 and
Preston M. Geren III, as Treasurer

Attention: Deborah Curry

Dear Mr. Noble:

This is in response to your letter dated June 13, 1990, informing the above-referenced committee that the Commission had found reason to believe that it had violated the Federal Election Campaign Act, as amended ("FECA" or "the Act"). The Commission's findings are incorrect and, as will be set out below, the Commission should take no further action in this case.

In its Factual and Legal Analysis, the General Counsel's office finds that the Committee violated the law in two ways: by accepting a corporate contribution of a loan from an incorporated consultant, and by failing to report the debt on its FEC reports. The Committee did not accept a corporate contribution or loan of any kind and, therefore, it had no obligation to report such a loan on its FEC reports.

Some background may help to clarify the unusual situation that the Committee found itself in. Shortly before the 1988 Democratic national nominating convention, Michael Dukakis, the clear favorite for the nomination, announced that if he became the nominee of the Democratic Party, he would name Senator Lloyd Bentsen as his Vice Presidential running mate. Senator Bentsen was, at the time, seeking reelection to his United States Senate seat.

Between the time of this announcement and the convention, Senator Bentsen anticipated that certain expenses would be incurred in connection with his effort to secure the nomination for the Vice Presidency. None of these expenses were related to his reelection campaign to the Senate, and, therefore, were not appropriately paid with funds from his Senate reelection committee. The Bentsen for Vice President - 1988 Committee ("the Committee") was established to defray those expenses incurred in connection with the Vice Presidential nomination up until the time that the nomination was conferred by vote of the convention. By definition, the Committee was to be very short-lived. And as the Commission is aware through its audit, the activity of the Committee was, in fact, minimal.

Up to the time of the convention, however, it was unclear exactly what the Committee would be doing to support Senator Bentsen's efforts to obtain the nomination for the Vice Presidency. A variety of activities were considered, and the Committee retained Media Southwest as a general consultant to advise it on various issues that the Committee anticipated might arise at the convention. As it turned out, very little was done prior to the nomination and the services of Media Southwest were not needed.

The arrangement with Media Southwest was a purely business relationship. It was, in fact, the same relationship that Senator Bentsen and his political committees enter into with all consultants. That is, the consultants are retained by the committee, they provide services to the committee, they bill the campaign for these services (including any expenses and costs incurred), and they are paid by the campaign.

This was the same relationship established with Media Southwest. It differed only in that the Vice Presidential Committee was dissolved after an extremely short period of time and before any services had been required. Once the nomination was obtained, the now unnecessary Committee attempted to terminate its activities as quickly as possible. It paid the amount it understood to be outstanding to Media Southwest, \$5,000, for expenses they had incurred in connection with the Committee's activities. It then terminated its relationship with Media Southwest and subsequently terminated its activities altogether.

This purely commercial relationship was just that. There was no loan, nor was there any contribution from the consultant to the Committee. Rather, the consultant paid certain expenses in anticipation of providing services to the Vice Presidential Committee. When such services turned out to be unneeded, the Committee paid the consultant for the expenses it had incurred.

The discrepancy in the amount paid by the consultant and that paid by the Committee has been explained to the Commission in connection with its audit. The amount originally paid for expenses by Media Southwest was \$5,934.70. The Vice Presidential Committee paid Media Southwest \$5,000.00, leaving a difference of \$934.70. As the Commission is aware, since the documentation has been provided to it, the \$934.70 was to be refunded by the Hyatt Hotel directly to Media Southwest as an amount not used by the Committee. The hotel failed to refund this amount to Media Southwest until the auditors discovered the discrepancy and the Committee contacted the hotel. The Committee was completely unaware that the hotel had not fulfilled its obligation to make the refund. This was never an amount owed by the Committee to Media Southwest, but was rather an amount owed by the hotel to the consulting firm. The Committee should not be held accountable for a failure by the hotel to make a refund it owed to the consulting firm.

The FEC notes repeatedly in its Factual and Legal Analysis that the Committee reported the amounts in question as a loan from Media Southwest. What the report fails to acknowledge is that the transaction had not been reported by the Committee as a loan until it was instructed to report it that way by the FEC's own auditors during the course of the audit of the Committee.

A review of the reports filed by the Committee will show that the transaction was originally disclosed on the Committee's report as an operating expenditure -- a payment to a consultant similar to all other payments that were made. The payment was never shown as a debt on the Committee's reports since it was not outstanding for more than 30 days. As the Commission acknowledges, the original payment by Media Southwest was made on July 15, 1988, and the payment by the Bentsen Committee for Media Southwest's services was made on August 9, 1988, barely three weeks later.

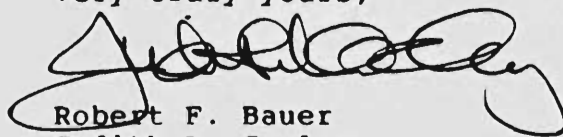
The amount in question was never understood by the Committee as anything other than an ordinary expense incurred and paid by the Committee. It was never understood to be a loan by either of the parties. As stated in the attached sworn affidavit from Sue Elsenbrook, the Committee's bookkeeper, the only reason that an amendment was made to the Committee's reports was that the FEC auditor had instructed her to change the report to reflect the transaction as a loan, not as an operating expenditure.

The Committee has attempted in all ways to comply with the law. The transaction in question was clearly disclosed on its FEC reports. On request, documentation was provided to the

Lawrence M. Noble
September 7, 1990
Page 4

auditors to clarify the transaction. Again, at the request of the auditors, the Committee amended its reports to reflect the transaction as the auditors thought it should be reflected. The Commission is now attempting to argue that this compliance with the request of the auditors demonstrates a violation of the Act. It is clear from the facts, however, that there has been no violation. The payment by the Committee was simply that -- an ordinary operating expenditure of the Committee to a vendor that had provided services to it. The Commission should find that there has been no violation of the Act and take no further action in this matter.

Very truly yours,



Robert F. Bauer
Judith L. Corley
Counsel to Respondents

0068m

BEFORE THE FEDERAL ELECTION COMMISSION

MUR 3038

**Respondents: Bentsen for Vice President - '88 and
Preston M. Geren III, as Treasurer**

AFFIDAVIT OF SUE ELSENBROOK

I, SUE ELSENBROOK, being duly sworn according to law, hereby
depone and state as follows:

1. I have personal knowledge of the facts set forth herein
and if called to testify in this matter, I would testify as set
forth herein.

2. In 1988, I was the bookkeeper for the Bentsen for Vice
President - '88 Committee ("the Committee"). As bookkeeper, I
was responsible for maintaining the books and records of the
Committee and for making disbursements on behalf of the
Committee.

3. Shortly before the 1988 Democratic national nominating
convention, the Committee entered into an agreement with Media
Southwest to provide services in connection with activities that
might be undertaken at the convention in connection with Senator
Bentsen's seeking nomination as the Vice Presidential candidate
of the party. While the agreement was not written, it was

understood that if Media Southwest provided services to the Committee it would bill the Committee for the services and for any expenses incurred in connection with rendering those services.

4. I was informed that Media Southwest had paid the Hyatt Regency \$5,934.70 in connection with the services rendered to the Committee. I was aware that approximately \$1,000 of the deposit had not been used, and would be refunded by the Hyatt Regency. As a result, I issued a check for \$5,000.00 to Media Southwest.

5. I reported the payment to Media Southwest as an operating expenditure of the Committee.

6. I was unaware until the FEC auditor Questioned the Hyatt Regency refund and then I discovered that the Hyatt had never made the refund to Media Southwest.

7. As a result of the "Recommendation" section of the January 10, 1990 letter from the FEC (signed by Robert Costa) and previous conversations with Tom Nurthen, FEC auditor, I was told that the Committee should amend its FEC report to reflect the amount paid to Media Southwest as a loan from Media Southwest to

the Committee.

8. In response to Mr. Costa's and Mr. Nurthen's direction, on February 12, 1990, I filed an amendment for the Committee, showing the payment to Media Southwest as a loan owed by the Committee to Media Southwest.

9. The only reason I made this amendment was because of the advice of the auditors.

10. At no time did I consider the amount owed to Media Southwest as a loan to the Committee. It was always my understanding that the amount owed to Media Southwest was an ordinary operating expense which would be paid by the Committee in the ordinary course of the operations of the Committee in connection with the consulting services provided by Media Southwest.

Pursuant to 28 U.S.C. } 1746, I declare under penalty of perjury under the Laws of the United States of America that the foregoing is true and correct. Executed this 7th day of September, 1990.



Sue Elsenbrook

91 JUL 23 PM 3:06

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of)
)
Bentsen for Vice President) MUR 3038
- 1988 and Media Southwest)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by the Audit Division after an audit of Bentsen for Vice President - 1988 ("Bentsen Committee") to determine compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, the audit referral indicated that the Bentsen Committee may have accepted a \$5,934.70 corporate contribution from Media Southwest. Based on this information, the Commission found reason to believe that Media Southwest violated 2 U.S.C. § 441b(a). Additionally, the Commission found reason to believe Bentsen for Vice President - 1988 and Preston M. Geren, III, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(b). Subsequently, respondents in the matter filed responses to the Commission's notification of reason to believe. (Attachments 1 and 2).

A. RESPONSE OF THE BENTSEN COMMITTEE

The response of the Bentsen Committee consisted of a letter and an affidavit of the bookkeeper of the Bentsen Committee. (Attachment 1, pages 1-7). The response of the Bentsen Committee argues that Commission findings are incorrect and set out reasons why the Commission should take no further action in the matter. (Attachment 1, page 1). Basically, the Bentsen Committee's

response asserts that the Committee did not accept a corporate contribution from Media Southwest in the form of a loan and consequently no reporting obligation arose with respect to the transaction. (Attachment 1, page 1).

According to the Bentsen Committee's response, shortly before the Democratic National nominating convention, Michael Dukakis announced that if he became the nominee of the Democratic Party, he would name Senator Bentsen, who was seeking re-election to the U.S. Senate, as his Vice Presidential running mate. Because Senator Bentsen anticipated certain expenses would be incurred in connection with his effort to secure the nomination of Vice President, the Bentsen Committee was established to defray expenses incurred in connection with the Vice Presidential nomination. (Attachment 1, page 2). The Bentsen Committee's response notes that by definition the Bentsen Committee was to be short-lived and that the financial activity of the Bentsen Committee was minimal. (Attachment 1, page 2).

The Bentsen Committee's response indicates that up until the convention it was not exactly clear what the Bentsen Committee would be doing to support Senator Bensten's efforts to secure the nomination for Vice President. (Attachment 1, page 2). After a variety of activities were considered, Media Southwest was retained as a general consultant to advise on issues that might arise at the convention. (Attachment 1, pages 2 and 5). According to the Bentsen Committee, very little was done prior to the nomination and the services of Media Southwest were not needed. (Attachment 1, page 2).

The Bentsen Committee contends that its relationship with Media Southwest was commercial in nature and similar to other business relationships that Senator Bentsen and his political committees entered into with all of their consultants.

(Attachment 1, page 2).^{1/} The Bentsen Committee indicates that although a business relationship existed with Media Southwest, the short-lived initial purpose of the Committee became obsolete once the nomination for Vice President was obtained. Consequently, the Bentsen Committee quickly began to wind down by paying outstanding expenses that were incurred in connection with the Committee's activities. (Attachment 1, page 2).

The Bentsen Committee states that \$5,934.70 was originally paid by Media Southwest on July 17, 1988 to the Hyatt Regency Hotel. The Bentsen Committee paid Media Southwest \$5,000 on August 9, 1988 leaving a balance owing of \$934.70. According to the Bentsen Committee, the \$934.70 was to be refunded by the Hyatt Regency Hotel directly to Media Southwest as an amount not used by the Committee.^{2/} (Attachment 1, pages 3 and 6).

1/ The Bentsen Committee describes its relationships with its consultants as follows: Consultants are retained by the Committee, they provide services to the Committee, they bill the campaign for these services (including expenses and cost incurred), they are paid by the campaign. (Attachment 1, page 2).

2/ The Bentsen Committee states that it was not aware that the hotel had not made the refund until it was audited by the Commission. The Bentsen Committee argues, therefore, that the Committee should not be accountable for the hotel's failure to make the refund to Media Southwest. (Attachment 1, page 3).

Nonetheless, the Bentsen Committee submitted no evidence of an agreement by Hyatt Regency to refund the credit balance to Media Southwest.

Based on the foregoing, the Bentsen Committee rejects the Commission's characterization of the transaction in question as a loan by Media Southwest to the Committee. The Bentsen Committee points out that the transaction was initially disclosed as an operating expenditure (payment to consultant) on the reports of the Committee. (Attachment 1, page 3). The Bentsen Committee also notes that the transaction was never shown as a debt on the original reports filed by the Committee. (Attachment 1, page 3).^{3/}

B. RESPONSE OF MEDIA SOUTHWEST

The brief response of Media Southwest concurs with the Bentsen Committee's characterization of the transaction in question as a purely business matter. (Attachment 2, page 8). Media Southwest also indicates that they were retained by the Bentsen Vice Presidential campaign to provide services during the 1988 Democratic Convention in Atlanta. (Attachment 2, page 8). Media Southwest states that it was later determined that their services were not necessary. According to Media Southwest, the transaction was never considered a loan but rather a payment for services rendered.

C. ANALYSIS

Essentially, the submissions of the Bentsen Committee and Media Southwest reject the Commission's findings of violations of

^{3/} According to the Bentsen Committee, the only reason that an amendment was made to the Committee's reports was because a FEC auditor had instructed the bookkeeper to reflect the transaction as a loan and not as an operating expenditure. (Attachment 1, pages 3 and 6-7). Consequently, the Bentsen Committee believes the Commission is seeking to use the Bentsen Committee's compliance with the request of the auditors to demonstrate a violation of the Act has occurred. (Attachment 1, page 4).

2 U.S.C. §§ 441b and 434(b) because the transaction was viewed as a payment on an operating expenditure that was disclosed as such on the reports of the Committee. It is the opinion of this Office, however, that the transaction in question was properly characterized as a loan and should have been reported by the Bentsen Committee.

While it is true that the Bentsen Committee initially characterized the transaction in question as an operating expenditure, the respondents have not submitted sufficient information or documents to support their contrary view of the matter. As noted, Media Southwest was retained to provide services to the Bentsen Vice Presidential Campaign. In the end it appears that these services were not needed. What respondents fail to explain is the connection between provision of services and Media's Southwest deposit of \$5,934.70 to Hyatt Regency hotel on behalf of the Bentsen Committee. Respondents submit no evidence whatsoever to show that the \$5,934.70 deposit was for rooms for Media Southwest only. Indeed, the \$5,934.70 deposit made by Media Southwest was billed to the account of "Bentsen Staff rooms."

Furthermore, telephone conversations between the bookkeeper and staff of this Office indicate that the transaction at issue was not a typical vendor-vendee transaction. In a telephone conversation after the reason to believe notice was received but before the Bentsen Committee retained counsel, the bookkeeper for the Bentsen Committee explained that Media Southwest was just a vendor and that the Bentsen personnel wanted to go to the

convention but did not have the money.^{4/} According to the bookkeeper, because they (Bentsen Committee) would later have funds, Media Southwest paid the deposit on the hotel rooms. This statement suggests that this transaction was properly construed as a loan from a corporation which is prohibited by the Act and should have been so reported by the Bentsen Committee.

Further investigation would be necessary to definitely resolve whether this transaction was an improper loan or a commercial extension of credit by Media Southwest on behalf of the Bentsen Committee. Moreover, it appears that the scope and purpose of the Bentsen Committee was a limited one. The Bentsen Committee had an opening cash balance of \$0, total receipts of \$27,257.67, total disbursements of \$27,257.67 and a closing balance of \$0. Finally, the bulk (\$5,000) of the \$5,934.70 loan by the Media Southwest to the Bentsen Committee was refunded approximately three weeks later. For these reasons, and in the exercise of its prosecutorial discretion, this Office recommends that the Commission take no further action against Media Southwest, the Bentsen Committee and Preston M. Geren, III, as treasurer, and close the file. In notifying respondents of the Commission's action in this matter, this Office will include the

^{4/} A similar telephone conversation also occurred between Media Southwest and staff of this Office prior to Media Southwest filing of a formal response in the matter. In that telephone conversation Media Southwest disclosed that they were aware that the Bentsen Committee had no money and that they paid for the hotel in response to a specific request for them to do so by the Bentsen Committee.

appropriate language of admonishment regarding the transaction in question in its letter.

III. RECOMMENDATIONS

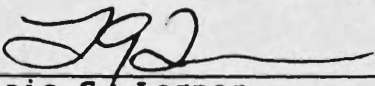
1. Take no further action against Media Southwest and close the file.
2. Take no further action against Bentsen for Vice President-1988 and Preston M. Geren, III, as treasurer and close the file.
3. Approve appropriate letters.

Lawrence M. Noble
General Counsel

403152
Date

1/22/91

BY:


Lois G. Lerner
Associate General Counsel

Attachments

1. Response of Bentsen Committee
2. Response of Media Southwest

Staff Person: Debby Curry

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Bentsen for Vice President) MUR 3038
-1988 and Media Southwest.)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 26, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 3038:

1. Take no further action against Media Southwest and close the file.
2. Take no further action against Bentsen for Vice President-1988 and Preston M. Geren, III, as treasurer and close the file.
3. Approve appropriate letters, as recommended in the General Counsel's Report dated July 22, 1991.

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

Attest:

7-29-91
Date

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

Received in the Secretariat: Tues., July 23, 1991 3:05 p.m.
Circulated to the Commission: Wed., July 24, 1991 11:00 a.m.
Deadline for vote: Fri., July 26, 1991 11:00 a.m.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 1, 1991

David M. Weeks, President
Media Southwest
857 N. Mockingbird Lane
Abilene, Texas 79603

RE: MUR 3038
Media Southwest

4 Dear Mr. Weeks:

5 On June 11, 1990, you were notified that the Federal
6 Election Commission found reason to believe your corporation
7 Media Southwest had violated 2 U.S.C. § 441b(a). On August 1,
8 1990, you submitted a response to the Commission's reason to
9 believe findings.

10 After considering the circumstances of the matter, the
11 Commission determined on July 26, 1991, to take no further
12 action against Media Southwest, and closed the file. The file
13 will be made part of the public record within 30 days. Should
14 you wish to submit any factual or legal materials to appear on
15 the public record, please do so within ten days of your receipt
16 of this letter. Such materials should be sent to the Office of
17 the General Counsel.

18 The Commission reminds you that Media Southwest's deposit
19 of \$5,934.70 to the Hyatt Regency hotel on behalf of the Bentsen
20 Committee appears to be a violation of 2 U.S.C. § 441b(a). You
21 and your corporation should take immediate steps to insure that
22 this activity does not occur in the future.

23 If you have any questions, please contact Deborah Curry,
24 the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CLOSED

August 1, 1991

Robert F. Bauer, Esquire
Judith L. Corley, Esquire
Perkins Coie
1110 Vermont Avenue
Washington, D.C. 20005

RE: MUR 3038
Bentsen for Vice
President - 1988 and Preston
M. Geren III, as treasurer

Dear Mr. Bauer and Ms. Corley:

On June 11, 1990, your clients, were notified that the Federal Election Commission found reason to believe that Bentsen for Vice President - 1988 and Preston M. Geren III, as treasurer, violated 2 U.S.C. §§ 441b(a) and 434(b). On September 7, 1990, you submitted a response to the Commission's reason to believe findings on behalf of your clients.

After considering the circumstances of the matter, the Commission determined on July 26, 1991, to take no further action against Bentsen for Vice President - 1988 and Preston M. Geren III, as treasurer, and closed the file. The file will be made part of the public record within 30 days. 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.

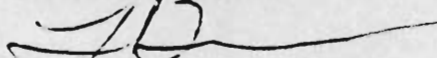
The Commission reminds you that your clients' acceptance of Media Southwest's \$5,934.70 deposit to the Hyatt Regency hotel on behalf of the Bentsen Committee and failure to report the debt appear to be violations of 2 U.S.C. §§ 441b(a) and 434(b). Your clients should take immediate steps to insure that this activity does not occur in the future.

Robert F. Bauer
Judith L. Corley
Page 2

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

Sincerely,

Lawrence M. Noble
General Counsel



BY: Lois G. Lerner
Associate General Counsel

1040.51756



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3038

DATE FILMED 9/5/91 CAMERA NO. 3

CAMERAMAN AS

1140507