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**Matt Salmon**  
Chairman

**MUR #** 5785

August 1, 2006

To Whom It May Concern:

Please see the enclosed document regarding a complaint filed by the Arizona Republican Party.

Also, please note the enclosed article from *The Arizona Republic*, regarding another issue we hope the FEC will take under consideration.

We are including a copy of the complaint with a self-addressed envelope. Please return to us a copy with a stamp indicating the complaint was received by your office.

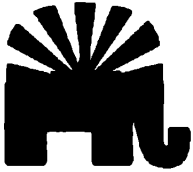
Sincerely,

Garrick Taylor  
Communications Director

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**Matt Salmon**  
Chairman

**MUR # 5785**

August 1, 2006

Federal Election Commission  
999 E Street, NW  
Washington, D.C. 20463

RE: Complaint against Pederson 2006, Carter Olson, Treasurer FEC ID# C00414664  
and Jim Pederson, Democratic candidate for the United States Senate from  
Arizona

To Whom It May Concern:

Pursuant to 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4, the Arizona Republican Party files this Complaint against Pederson 2006, Carter Olson, treasurer, the principal authorized campaign committee of Jim Pederson ("Pederson Committee"), the presumptive Democratic nominee for the United States Senate from Arizona and Jim Pederson, individually ("Pederson").

Complainant herein is Glenn Hamer, filing in his official capacity as Executive Director of the Arizona Republican Party.

This complaint is filed against Pederson and the Pederson Committee for violation of the Federal Election Campaign Act of 1971, as amended ("the Act" or "FECA") and the regulations of the Federal Election Commission ("the Commission" or "FEC"), specifically for failing to duly and timely file and provide notice of personal funds expenditures made by Pederson on behalf of his candidacy for the United States Senate, as required by federal law.

The provisions of law violated by Pederson and the Pederson Committee include:

**Violations of the United States Code:**

2 U.S.C. §434a(6)(b)

**Violations of FEC Regulations:**

11 C.F.R. §§400.21, 400.22, 400.24 and 400.25

**Facts of the Violation(s)**

Pursuant to the above-referenced provisions of law, when a Senate candidate's opponent spends personal funds that exceed certain threshold amounts, other candidate(s) may accept increased individual contributions and, in some cases, the candidate's state and national party committees may make unlimited coordinated party expenditures on behalf of the candidate ("the Millionaire's Amendment").

The threshold amount under the Millionaire's Amendment for Senate candidates in Arizona in 2006 is \$324,360, calculated using a formula that includes the voting age population (VAP) of the state. In order for a Senate candidate to receive increased contribution limits under the Millionaires' provisions, the opposing candidate's personal spending must exceed at least twice the threshold amount which, in Arizona in 2006 is \$648,720: (VAP x \$.08) + \$300,000.

According to the FEC's instructions and the applicable law, "At that spending level, the opposing candidate must file FEC Form 10 (24-Hour Notice of Expenditure from Candidate's Personal Funds)."

The timeline of publicly available records demonstrate that Pederson and the Pederson Committee have on *every* occasion of the contribution of his personal wealth to his campaign, violated federal law by failing to timely file notification of Pederson's contribution(s) in furtherance of his candidacy for the United States Senate.

The chart below details the personal expenditures to date and Pederson's failure to file the statutory notifications such that they are received by the designated offices within 24 hours of the contribution(s):

Date of Pederson Personal Funds Contribution	Amount of Pederson Personal Funds	Required Notice Date for Receipt of Form 10	Date Signed by Campaign	Date of FEC Notice	Date Filed with Secretary of State Public Records
03/31/06	\$2,000,000	04/01/06	04/07/06	04/10/06	04/13/06
05/08/06	\$1,200,000	05/09/06	05/09/06	05/09/06	05/15/06
06/14/06	\$ 250,000	06/15/06	06/14/06	06/15/06	06/19/06
06/30/06	\$ 275,000	07/01/06	07/03/06	07/04/06	07/10/06
07/20/06	\$ 459,098	07/21/06	07/20/06	07/20/06	07/24/06

The public records clearly document Pederson's disregard of the 24-hour notice required by law:

- Beginning with the very first contribution of \$2 million on March 31, 2006, notice of which was required to be received by the Secretary of the Senate *and* the Federal Election

Commission no later than April 1, 2006, yet Pederson Committee didn't sign the Form 10 until a week after the contribution

- In each instance, the Secretary of the Senate has *never* received notice of the Pederson contributions to his campaign within 24-hours of the contribution.
- Regarding the June 30, 2006 Pederson contribution of \$275,000 which was to have been received by the Senate and the FEC no later than July 1, 2006, it wasn't signed by the campaign treasurer until three days after the contribution was made.
- With respect to the July 20, 2006 contribution, the media buy was made the same day as the contribution date reported by Pederson, which raises a question as to whether the July 20 date was the actual date of the additional funding or whether the expenditure for the media production and buy actually occurred prior to that date. See attached Exhibit A, "Pederson Airs New Ad Campaign", By Paul Giblin, East Valley Tribune, July 21, 2006

In every instance, the 24-hour notice was ignored and no notice was filed until well after the deadline imposed by law

The FEC regulations direct candidates to insure that the notices are timely and properly filed: "Reporting obligations of candidates and candidates' principal campaign committees. Candidates must ensure that their principal campaign committees file all the reports required under this part in a timely manner" See 11 C.F.R. §400.25.

To be timely filed means that both the FEC and the Senate Office of Public Records must receive the notices. (See 11 C.F.R. 400.22 "Such notification must be received by the Secretary of the Senate, the Commission, and each opposing candidate within 24 hours of the time such expenditures are made.") (emphasis added)

The FEC has recently imposed stiff penalties against a candidate for the House of Representatives in 2004 who failed to comply with the 24-hour requirements for notice of contributions of personal funds. From a press release of the Federal Election Commission, July 19, 2006:

#### **\$71,100 CIVIL PENALTY PAID BY BROYHILL FOR VIOLATIONS OF MILLIONAIRE'S AMENDMENT**

"The Federal Election Commission (FEC) announced today that J. Edgar Broyhill II, a candidate in the 2004 primary election in North Carolina's 5th district, the Broyhill for Congress Committee, and its treasurer Tim Nerhood have agreed to pay a \$71,100 civil penalty for violating the reporting requirements of the Millionaire's Amendment, along with other reporting requirements of federal election law. The Millionaire's Amendment was passed as part of the Bipartisan Campaign Reform Act of 2002 (BCRA)...Under the Millionaire's Amendment...candidates must notify the FEC and their opponents when they exceed \$350,000 in

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personal spending and also with each additional \$10,000 in expenditures of personal funds thereafter. The law allows opponents of these candidates to receive larger individual contributions than would otherwise be permitted. Mr. Broyhill and Broyhill for Congress failed to file a notification within 24 hours of the candidate making a loan to the campaign that brought his spending of personal funds to more than \$350,000 in the primary, and they subsequently failed to file notifications within 24 hours regarding additional expenditures of personal funds totaling \$365,000..." ) (emphasis added)

Pederson and Pederson Committee have likewise disregarded their obligations under the law to provide proper and timely notice within the twenty-four (24) hours mandated by federal law.

### Conclusion

The law is the law and there are specific requirements for all federal candidates to fully comply with its provisions. For a candidate who triggers the notice requirements under the Millionaires Amendment, such notice must be received within 24 hours in the manner set forth by law. Here, Pederson and Pederson Senate 2006 failed to comply with the statute and the regulations and should be investigated and punished accordingly. Failure to follow the federal campaign law by Pederson and his campaign subject both to enforcement action and civil penalties.

Accordingly, upon information and belief, and based upon the facts that are publicly disclosed on the FEC website and elsewhere, Pederson 2006, Carter Olson, Treasurer and Jim Pederson, candidate for the United States Senate from Arizona have violated the Federal Election Campaign Act of 1971, as amended.

Please contact the undersigned if you have further questions.

Respectfully submitted,

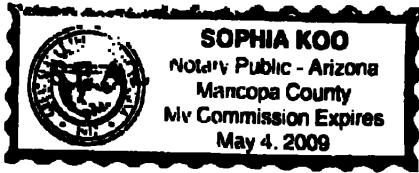


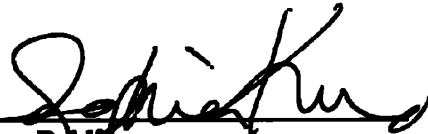
Glenn Hamer, Executive Director  
Arizona Republican Party  
3501 North 24th Street  
Phoenix, Arizona 85016

Phone: 602-957-7770

Fax: 602-224-0932

Before me this 1 day of Aug, 2006, appeared Glenn Hamer, and under penalty of perjury did swear and affirm that the above and foregoing facts are true and correct to the best of his knowledge and belief.



  
Notary Public

My Commission Expires: May 4 2009

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## Legislature may bring in Starr power

Jul. 30, 2006 12:00 AM

*Wishing upon a Starr? . . .*

Does the name Kenneth Starr ring a bell?

He was the former prosecutor Republicans loved and Democrats loved to hate after he spearheaded a high-profile, hard-charging investigation into the Monica Lewinsky sex scandal that engulfed President Clinton's second term.

As the independent counsel, Starr probed various Clinton real estate dealings. His investigation was eventually expanded to include Lewinsky, the White House intern who had an affair with Clinton. That became the infamous Starr Report and led to Clinton's impeachment trial.

Why the stroll down impeachment lane?

Well, House Speaker Jim Welers wants to use that Starr power to help the Legislature win an English-learner case should it make it all the way to the U.S. Supreme Court.

It could happen.

The case, *Flores vs. Arizona*, is being decided by a federal Appeals Court in San Francisco and could determine how Arizona pays for students who struggle to learn English.

The 9th U.S. Circuit Court of Appeals panel is expected to rule by the end of the year, potentially deciding the fate of about 160,000 students in Arizona.

And apparently Starr, who has argued 25 cases before the Supreme Court, is interested.

Welers' office originally called Starr's Los Angeles law office during the legislative session and discussed a possible retainer and a rate at a "significant discount."

"He definitely has name ID and credibility that could help us," said Welers' chief of staff, Jodi Jerich.

Jerich said the plan would be to team the Legislature's attorney, David Cantelmo, with Starr, dean of Pepperdine Law School in California.

The insider heard about it last week after Welers told some friends at the annual summer get-together of conservative lawmakers and policy wonks.

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*Define 'beef' . . .* There were a few oddities in the latest list of donors to Democratic Senate challenger Jim Pederson's campaign, which was released this month.

Candidates for national higher office receive donations from hundreds, sometimes thousands, of people from around the nation and all walks of life. So, granted, sometimes it can be difficult to track down all the information required by the Federal

Election Commission like, say, what those donors do for a living.

Campaign workers try, but if they can't track down a donor's occupation, they write in "best effort." Not a huge deal, per se, happens to all of 'em.

But among the Pederson donors whose occupations could not be verified was one Mario Diaz. You'd think Diaz would be easy to get on the phone, since until recently he was Pederson's campaign manager and is still the campaign's co-chairman.

But the kicker is Roberta Pederson, who didn't report any donations this cycle but was still listed with an occupation of "best effort."

Roberta is Pederson's wife.

Pederson campaign spokesman Mark Bergman called the matter "a technical error."

"In the past, the reports have been accurate," Bergman said.

Compiled by Republic political reporters Chip Soutari and Robbie Sherwood.

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