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October 17, 2014

Jeff S. Jordan, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: MUR 6863

Dear Mr. Jordan:

The undersigned represents S.R. Holding, Inc., d/b/a Signature Special Event Services ("Signature"). By this letter, Signature responds to a complaint filed by the Republican Party of Kentucky ("RPK"). In its complaint, RPK alleges that Signature made a corporate contribution, prohibited by the Federal Election Campaign Act of 1971 (as amended) ("the Act") to Alison for Kentucky ("the Campaign") in the form of a motor coach and that Signature charged below market rates for the motor coach.

The Campaign paid Signature full value for the use of the motor coach and at a normal and usual rate for a comparable motor coach. 11 C.F.R. § 100.93(b) states that "no contribution is made by a service provider to a candidate or political committee if: (i) Every candidate's authorized committee or other political committee on behalf of which the travel is conducted pays the service provider, within the required time, for the full value of the transportation..." If any campaign traveler uses any means of transportation other than an aircraft, the traveler or the political committee on whose behalf the travel is conducted, must pay the service provider "at the normal and usual fare or rental charge for a comparable commercial conveyance of sufficient size to accommodate all campaign travelers." 11 C.F.R. § 100.93(d).

Signature is the service provider as the owner of the motor coach used by the campaign, and received payment from the Campaign for the full value of the coach. These payments are listed on the Campaign's FEC-reported disbursements for transportation. See Alison for Kentucky FEC-reported disbursements for transportation. As explained fully below, Signature purchased the 11 year-old motor coach for Emergency Disaster Services ("EDS"), its disaster relief company. It subsequently leased the motor coach to the Campaign for \$380 a day plus the costs of fuel and determined the lease price after seeking price quotes from a number of coach companies. The purchase of the motor coach had independent business utility to Signature and the rental rate provided to the Campaign is within the normal and usual charge for an 11 year-old motor coach with similar amenities. Therefore, no contribution was made by Signature to the Campaign.

LEGAL AND FACTUAL ANALYSIS

1. The Motor Coach was Leased for a Normal and Usual Charge

In 2013, Signature purchased a pre-owned 2003 Provost H3-45 Star Coach for \$250,000 ("Provost Coach") for its EDS company. EDS, based in Lexington Kentucky, provides mobile housing units, food and beverage services, command centers and other emergency assets to utility providers, nonprofit organizations and governmental agencies for emergency response deployments.¹ EDS does not rent the Provost Coach for ordinary passenger services.

Contrary to RPK's allegations, Signature's lease of the Provost Coach to the Campaign is in the ordinary course of its EDS business. EDS' business is owning, operating and leasing a fleet of equipment for housing, shelter and command centers. EDS' fleet includes motor coaches such as the Provost Coach. EDS' website advertises a similar vehicle for use as a command center for emergency responders. *See* <http://emergencydisasterservices.com/products-and-equipment/operations/>. When the lease with the Campaign concludes, the Provost Coach will continue to be available for lease as part of EDS' fleet. Therefore, the lease of the motor coach is in the ordinary course of Signature's business in compliance with 11 C.F.R. § 114.2(f) and the lease of the Provost Coach to the Campaign does not constitute a prohibited corporate expenditure under 52 U.S.C. § 30118.

To determine the rental rate for the Provost Coach, Signature sought quotes from two different Coach Companies. *See* Attachment A and B. The quotes ranged from \$150-\$200 per day for a motor coach with similar amenities to the Provost Coach, plus additional costs for a driver, mileage fees, generator fees and fuel. Specifically, Northside RV which is also based in Lexington, Kentucky quoted the following:

Class A Motor Rental for 4 weeks:	\$5,050
Departure Fee (insurance):	\$100
Tax:	\$303
Mileage fee:	4 weeks, 2800 free miles, after that \$.25 per mile
Generator fee:	\$3.00 per hour

See Attachment B. The quote from Staley Coach and Sales of \$150-\$175 per day is for the exact make and model of the Provost Coach. *See* Attachment A. Signature secured a driver for \$125 per day and calculated the costs based on the quotes it received. It determined that \$380 a day plus the costs of fuel was a usual and normal charge for a 2003 motor coach with limited amenities and this cost was agreed to by the Campaign. The costs paid to Signature and reported by the campaign include costs for fuel.² *See* Alison for Kentucky FEC-reported disbursements for transportation.

¹ EDS' website provides information on a number of its services: <http://emergencydisasterservices.com/>.

² We note that the "wrap" on the Provost Coach's exterior was \$5,500 which is consistent with the prices quoted in Attachment C to RPK's complaint. Signature received full payment from the Campaign for the wrap. The payment was reported by the Campaign in its October 2013 quarterly report.

The prices listed in Attachment C of RPK's complaint do not take into account the age of the Provost Coach and the offered amenities nor do they account for the prices for a lease and the location of the Provost Coach. The Provost Coach used by the campaign is 11 years-old with limited amenities while the quotes in Attachment C are for executive and entertainer coaches. Comparing the Provost Coach to the cost of a similarly sized new motor coach with luxury amenities is not an accurate comparison. The quotes also fail to take into consideration the location of the Provost Coach. Since the Provost Coach and driver are based in Lexington Kentucky, there are no additional costs for out of state transport to and from the company's storage depot nor are there costs for the driver's lodging and travel. Since the quotes provided by RPK are not itemized, a proper apples to apples comparison is impractical.

Signature arrived at the rental price for Provost Coach by seeking quotes for similar services. \$380 per day plus the costs of fuel are within the usual and normal charge for an 11 year-old motor coach as required by 11 C.F.R. §§ 100.93(b),(d) and 100.52(d)(1)-(2). Therefore, the Commission should find no reason to believe that Signature violated the Act.

2. MURS 6295 and 6307 (Sue Lowden for US Senate)

In MURs 6295 and 6307 (Sue Lowden for US Senate), the Commission exercised its prosecutorial discretion and dismissed allegations that a Campaign accepted an excessive contribution for a motor coach. In that case, the campaign was charged only \$95 per day for a "luxury recreational bus." The campaign and the individual providing the motor coach provided no explanation for its \$95 rate. Here, Signature has provided a clear explanation for arriving at the \$380 rental rate and established that the lease of Provost Coach is within Signature's ordinary course of business. This case also warrants the Commission's use of its prosecutorial discretion and the Commission should dismiss the complaint.

CONCLUSION

The Commission should exercise its prosecutorial discretion as it did in MURS 6295 and 6307 and dismiss the complaint. Further, Signature purchased the Provost Coach for EDS and the lease of the Provost Coach to the Campaign is within its usual and ordinary course of business. It arrived at the rental rate after seeking price quotes for similar motor coach services and the cost of \$380 per day is within the normal and usual charge for an 11 year-old motor coach with similar amenities. Therefore, the Commission should find no reason to believe that Signature violated the Act.

Sincerely,



Neil Reiff
Dara Lindenbaum

Counsel to Signature Special Event Services