

**BAKER
&
HOSTETLER**
COUNSELLORS AT LAW

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September 25, 1995

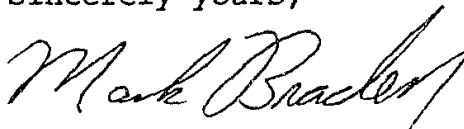
General Counsel Office
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463
Attn: Dawn Odrowski/Elizabeth Stein

Re: MUR 3774

Ladies:

Pursuant to the subpoena to produce documents and order to submit written answers dated August 7, 1995, and signed by the Vice Chairman of the Federal Election Commission, the American Defense Foundation, Inc. is submitting the enclosed documents and answers. We have attempted to catalog and arrange the documents produced to facilitate the General Counsel's review. If you have any questions concerning this response, please do not hesitate to contact me.

Sincerely yours,



E. Mark Braden

EMB/rvn

Enclosures

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COUNSEL
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INTERROGATORIES AND REQUESTS FOR DOCUMENTS

QUESTION 1. Identify all present or former officers, employees, agents or volunteers of the American Defense Foundation, Inc. ("ADF, Inc.") who have knowledge of the payment of funds to the ADF, Inc. from the National Republican Senatorial Committee ("NRSC"). Provide the title of each individual so identified and describe his or her responsibilities.

Answer Present and former ADF/ADI employees who have knowledge of the Military Voter Program ("MVP") in 1992-1993:

Eugene B. McDaniel, President - Head of all ADF/ADI activities and programs.

Business: American Defense Institute
American Defense Foundation
1055 N. Fairfax Street, #200
Alexandria, Virginia 22314
(703) 519-7000

Home:

Michael H. McDaniel, Executive Director 1987-1994: Provided oversight for all ADF/ADI programs, including the MVP. Worked with ADF/ADI President and ADF/ADI Program Director to prepare funding proposals for MVP and other ADF/ADI programs.

Business: Promise Keepers
1055 North Fairfax Street
Suite #200-S
Alexandria, Virginia 22314
(703) 519-7544

Home:

John K. Isaf, Director of Public Affairs/Programs 1990-1994: Planned and executed ongoing MVP; prepared and presented proposals to potential funding agencies, and directed all public affairs involved with MVP activities for Fellowship, Internship, Seminar, Grassroots Education, and other ADF/ADI programs.

Home:

Leslie Genow, former Director of Administration:
Managed ADF's accounting and bookkeeping from 1988
to 1994. Presently, a Novitiate in the Dominican
Order, Sister Ann Hyacinth, [REDACTED]
[REDACTED]

John Grotta, mail consultant, [REDACTED]
[REDACTED]; Curt
Anderson, consultant, [REDACTED]
[REDACTED]: Helped in identifying
funding sources for ADF's appeals.

QUESTION 2. With regard to the specific payments made to ADF
by the NRSC's nonfederal account as listed below:

Date	Amount
10/02/92	\$250,000
11/10/92	\$30,000
3/12/93	\$170,000
5/26/93	\$40,000

For each payment:

a. Identify the person(s) who solicited the payment, or
requested or suggested that it be made.

Answer: Eugene "Red" McDaniel, Michael McDaniel, John Isaf
worked together to request funding from all
potential donors, including the NRSC. John Grotta
and Curt Anderson assisted in the process.

b. Identify the person(s) to whom such solicitation, request,
or suggestion was made.

Answer: Senator Phil Gramm; Senator Connie Mack.

1992 solicitations: NRSC Executive Director,
Jeb Hensarling;

1993 solicitations: NRSC Political Director,
Paul Curcio.

No response was received from the Democratic
National Committee Chairman regarding requests
for time to present funding proposals.

c. Describe the purpose and substance of each communication relating to or referencing the payment, both before and after the payment was made, between any officer, employee, agent or volunteer of the ADF, Inc. and any officer, employee, agent or volunteer of the NRSC. Identify the person(s) who initiated such communication. State the date on which each communication occurred and provide all documents containing, relating to, or referencing each such communication.

Answer The purpose of each communication was to seek and obtain funding for ADF's ongoing effort to encourage military personnel to participate in the electoral process. The substance of each communication was ADF's program and methods to provide military personnel with the best opportunity to exercise their right to vote in non-presidential elections (See attached program materials.) Red McDaniel, Mike McDaniel or John Isaf initiated such communications. Respondent cannot furnish exact dates on which specific oral communications may have occurred.

d. Identify and describe the fund into which the payment was deposited.

Answer The payments were deposited into Riggs Bank, Account #76-110-660 - **The American Defense Foundation** - and used for direct MVP expenses. Some of the funds were transferred throughout the year from that account into Account #76-110-679 - **The American Defense Institute Money Market Account**, and to Account #08-587-096 - **The American Defense Institute Operating Account** - as needed for further development of ADF/ADI's ongoing MVP and to reimburse ADI for some MVP direct expenses and for administrative expenses. The bank account records are attached. ADI expenditures for MVP show account code 314 on check stubs and reimbursable expenses by ADF to ADI have the account code 1180 on check stubs.

In 1992, ADF expenditures for MVP totalled \$89,814. In 1992, ADI expenditures for MVP totalled \$122,644. (See financial reports for 1992).

In 1993, the financial reports were combined, showing total expenditures by ADF to be \$245,718 but not showing direct MVP expenditures for ADF, although bank accounts and invoices show direct ADF expenditures for MVP. In 1993, ADI

expenditures for MVP totalled \$81,276 (see financial reports for 1993.)

e. Describe how each payment was used. Identify the person(s) involved in deciding how to use the payment, and state the bases upon which the person made such decision(s).

Answer

Red McDaniel, Michael McDaniel and John Isaf decided how the payments were used. Each year since 1984, attempts were made to raise funding for a Worldwide Military Voter Program. (See 1988 Military Voter Handbook for worldwide plan, which includes registration at terminals for military voters entering and returning to the U.S.) However, funds received were limited and the following criteria are used to make spending decisions:

1. location of military bases.
2. states having large concentrations of non-resident military voters.
3. elections in which ADF/ADI military voters programs can have the greatest impact on military participation.
4. locations where other ADF/ADI programs are taking place, i.e., ADF/ADI speaker is making an appearance for another ADF/ADI program.

Special, runoff and off-year elections are particular targets for the program. These are the type of elections in which military participation is traditionally the lowest. Military personnel are the least likely to be informed of their opportunity to participate. The program has been successful in earlier years, working in conjunction with the Federal Voting Assistance program at the Department of Defense in increasing participation in presidential elections. It has been less successful in increasing military participation in special, runoff and off-year elections.

The MVP included mailing of registration application and absentee ballot request cards (Federal Post Card Applications), motivational addresses and visits by Captain McDaniel at military bases, radio and television public service announcements, radio advertisement and

grassroots promotion of participation within the military chains of command. All activities were strictly non partisan. The MVP did not include any materials advocating the election or defeat of any candidate (see enclosed documents.)

f. State whether any officer, employee, agent or volunteer of the ADF, Inc. directly or indirectly informed any officer, employee, agent or volunteer of the NRSC of any decision regarding the use of any payment. If so, identify the person(s) involved, describe the information provided, and state the date on which such interaction occurred. Provide all documents containing evidence of, relating to, or referencing such information.

Answer After spending decisions were made by ADF, all funding agencies, including the NRSC, are routinely informed that the funds they donated were used for the MVP program. No records of specific communications could be located. The NRSC did not direct any Respondent employees or volunteers on the use of funds for any specific purpose nor did the Respondent seek approval from the NRSC for any decision on expenditures for MVP. ADF would not accept donations to be spent at the discretion of the donor rather than ADF.

QUESTION 3. Identify and provide all documents relating to or referencing the payments listed in Question 2, including, but not limited to check copies (front and back), check stubs, invoices, orders, bank statements, contracts, reports, memoranda, letters, understandings, agreements, in-house correspondence, or plans relating to or referencing the timing, purpose and use of the payments.

Answer See enclosed documents.

QUESTION 4. State the total amount expended by ADF, Inc. or any related organization for the following get-out-the-vote activities or communications in connection with the November 24, 1992 U.S. Senate run-off election in Georgia and the 1993 special and run-off elections for U.S. Senate in Texas.

a. Phone banks

Answer None

b. Radio or television ads

Answer See enclosed copies of radio and television ads. No other financial breakdown is available other than the enclosed invoices.

c. Newspaper or other print ads

Answer Some minimal amounts were expended in military base newspapers, usually in connection with personal appearances of Captain McDaniel. No specific breakdown of this expense can be located other than the enclosed documents.

d. Public appearances

Answer \$1,279.17

e. Voter identification activity

Answer None

f. Voter guides

Answer None. Most direct expenses of MVP were for printing, postage and other expenses for mailings, encouraging Military personnel to vote, instructing them about absentee voting, and providing them with Federal Postcard Application forms. All materials were strictly non partisan as the enclosed sample materials clearly show.

QUESTION 5. Provide copies of all documents containing, referencing or relating to all get-out-the vote activities or communications financed or conducted by or on behalf of ADF, Inc. in connection with the November 24, 1992 U.S. Senate run-off election in Georgia and the 1993 special and run-off elections for U.S. Senate in Texas. Such documents included, but are not limited to radio ad scripts, voter guides, media placement orders, invoices, checks, correspondence, contracts, and proposals and all materials distributed by or on behalf of the ADF, Inc. that reference the 1992 general election run-off for U.S. Senate in Georgia and the 1993 special and run-off elections for U.S. Senate in Texas.

Answer See enclosed materials.

QUESTION 6. Provide copies of any video or audio tapes of appearances made by ADF, Inc., or any of its officers, employees or agents in connection with any get-out-the vote activity for

the 1992 general election run-off for U.S. Senate in Georgia and the 1993 special and run-off elections for U.S. Senate in Texas.

Answer See enclosed materials.

QUESTION 7. Provide complete copies of the Form 1990 or 1990EZ tax return, including attachments, filed by the ADF, Inc. for 1992 and 1993.

Answer See enclosed materials.

QUESTION 8. Provide copies of ADF's annual reports for 1992 and 1994.

Answer See enclosed materials.

QUESTION 9. Identify any present or former officers, employees, agents or volunteers of ADF who are, or at any time from January 1, 1992 to present were, officers, employees agents or volunteers of the NRSC or the Coverdell for Senate Committee.

Answer ADF is not aware of any of its present or former officers, employees, agents or volunteers being officers, employees, agents or volunteers of the Coverdell for Senate Committee.

Curt Anderson was retained for consulting services to ADF and has been employed post January 1, 1992 by NRSC.

QUESTION 10. With regard to voter registration or voter drive activity conducted by the ADF in 1992 and 1993:

a. State when the ADF first undertook such voter registration or get-out-the-vote activity.

Answer MVP began in 1984. The ADF/ADI's MVP educates military personnel on the absentee voting process, provides Federal Postcard Application forms to them to facilitate absentee voting. ADF/ADI does not directly register voters nor conduct traditional or partisan get-out-the-vote activities.

b. State the source(s) of funding for the ADF's voter drive activity.

Answer NRSC, Dodge Jones Foundation and individual donor members.

Requests for funding have been made to other political party organizations, including the Democratic National Committee and the Perot Campaign. No funding from these other parties was forthcoming. In prior years, donations came from among others the Coors Foundation, McDonnell Douglas, Strake Foundation and the Vote America Foundation.

c. Describe generally how the ADF conducts voter drive activity, including voter registration and get-out-the-vote efforts.

Answer See 1994 MVP Executive Summary.

d. Identify ADF officers, employees, agents or volunteers who assisted or supervised ADF's get-out-the-vote activity conducted in 1992 and 1993.

Answer The only current ADF officer, employee, agent or volunteer is Red McDaniel. Former ADF officers, employees, agents or volunteers are: Michael McDaniel, John Isaf, John Grotta and Curt Anderson.

QUESTION 11. Identify the person(s) who have the most knowledge with respect to your answers to these questions.

Answer Red McDaniel, Michael McDaniel and John Isaf.

Respectfully submitted,

By:



E. Mark Braden
BAKER & HOSTETLER
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1050 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 861-1500

To the best of my knowledge, information and belief, the foregoing Response to the Federal Election Commission's Interrogatories and Request for Documents are true and correct with respect to American Defense Foundation, Inc.

By: Eugene B. McDaniel
Eugene B. McDaniel
President
American Defense Foundation, Inc.
1055 N. Fairfax Street, Suite 200
Alexandria, Virginia 22314
(703) 519-7000

Subscribed and Sworn
before me this 25th day
of September, 1995

Nadene R. Blackman
Notary Public

My comm. expires 11-14-98