




FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

MEMORANDUM

TO: The Commissioners
Staff Director
Deputy Staff Director
General Counsel

FROM: Office of the Commission Secretary 

DATE: July 31, 2002

SUBJECT: Statement Of Reasons for MUR 4530

Attached is a copy of the Statement Of Reasons for MUR 4530
signed by Vice Chairman Karl J. Sandstrom.

This was received in the Commission Secretary's Office on
Wednesday, July 31, 2002 at 9:42 a.m.

cc: Vincent J. Convery, Jr.
OGC Docket (5)

Attachment

EE . U4 . 4US . 5US3



FEDERAL ELECTION COMMISSION
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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
DNC Services Corporation/Democratic) MUR 4530
National Committee and its treasurer)

STATEMENT OF REASONS

On May 24, 2001, by a vote of 2-4¹, the Commission declined to approve the Office of the General Counsel's recommendation to find probable cause to believe that the DNC Services Corporation/Democratic National Committee and its treasurer ("DNC") violated 2 U.S.C. §§ 441e(a) and 441f with respect to \$647,500 in contributions accepted by the DNC from Pauline Kanchanalak, a foreign national, and Duangnet Kronenberg, a permanent resident, using funds from foreign national sources.

The Office of General Counsel ("OGC") found that Kanchanalak and Kronenberg's "indictments and plea materials indicate that the two women intended to carry out this scheme without the knowledge of recipient committees such as the DNC." General Counsel's Brief at 102. "The Superseding Information filed with the Pauline Kanchanalak plea agreement described the process as a conspiracy to make prohibited contributions 'to the DNC and other campaign committees, without being detected by the FEC, the recipient committees, or the public.'" *Id.* (quoting Superseding Kanchanalak Information at 5). Various DNC officials and staff testified that they were unaware of this scheme or of Kanchanalak's status as a foreign national. *Id.* Further, OGC determined that the DNC did advise Pauline Kanchanalak of the law. *Id.* at 104.

The Commission concluded there was insufficient evidence that the DNC knew that Kanchanalak and Kronenberg's contributions were derived from foreign national funds or that Kanchanalak was a foreign national.

7/30/2002
Date

Karl J. Sandstrom
Karl J. Sandstrom, Vice Chairman

¹ Commissioners Mason and Smith voted in the affirmative. Commissioner Wold voted with the undersigned.