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January 31, 1997

VIA HAND DELIVERY

Lawrence M. Noble, Esq.
General Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Re: MUR 4577 - Perot '96, Inc., Perot
Reform Committee, Michael Poss as
Their Treasurer, Ross Perot, Russell
Verney, and R. Clayton Mulford

Dear Mr. Noble:

This is in response to the letters from the Federal Election Commission ("Commission" or "FEC") notifying Perot '96, Inc., Perot Reform Committee, Michael Poss as their treasurer, Ross Perot, Russell Verney, and R. Clayton Mulford of a complaint filed against them by Miriam Balebuff Grayboff. The complainant falsely alleges that Ross Perot made contributions of over \$6 million which did not qualify as independent expenditures on behalf of the Reform Party, thus making excessive contributions under the Federal Election Campaign Act of 1971, as amended ("FECA"). The complainant also alleges that those expenditures made Perot '96, Inc. ineligible for the public funds that it received.

Ross Perot became a candidate under FECA in March 1996, when his name for the first time had to be placed on a ballot petition due to technical state law requirements. Thus, although he had not decided whether to run, Ross Perot submitted a notice of candidacy (in lieu of FEC Form 2) to the FEC on March 9, 1996. See attached letter to FEC.

3 05 PM '97

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF THE
GENERAL COUNSEL

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What the complainant fails to recognize is that the Perot Reform Committee was Ross Perot's primary election principal campaign committee under FECA. Because the \$6 million in expenditures that the complainant alleges were excessive were made by Ross Perot's principal campaign committee and were all properly reported to the FEC, no violation of FECA could have occurred. Such expenditures are permissible because a candidate is permitted to spend an unlimited amount on his own campaign. 11 C.F.R. § 110.10(a).

The complainant also suggests that Perot '96, Inc., Ross Perot's general election principal campaign committee, was not entitled to receive public funding because Ross Perot contributed more than \$50,000 to the Perot Reform Committee. As has been well established by the Commission, expenditures made by non-major party candidates during the ballot access phase of a campaign are treated as primary campaign expenditures. See FEC Advisory Opinions 1975-44, 1983-47, 1984-11, 1984-25, 1995-45. The Perot Reform Committee expenditures were made during the ballot access phase of Ross Perot's candidacy. As the Commission knows, public funding was only sought in the general election, during which Ross Perot spent substantially less than \$50,000 on his own campaign.¹

The complainant also individually names but makes no specific allegations against Mike Poss, Russell Verney, and Clayton Mulford. None of those individuals engaged in any conduct that constitutes a violation of the federal election laws.

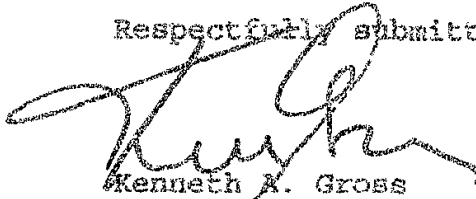
¹

The complainant also speculates that the Perot Reform Committee sent mailings to United We Stand America members and former members regarding their candidate preferences. This is utterly false.

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For the reasons stated, the Commission should find no reason to believe that Respondents violated the law and dismiss the complaint.

Respectfully submitted,



Kenneth A. Gross

Attachment

2040-10E-40-50

1700 Lakeside Square
12377 Merit Drive
Dallas, Texas 75251

March 8, 1996

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

Ladies and Gentlemen:

I do not consider myself a candidate for President of the United States, and have not decided whether I will run for President or seek the nomination of state Reform Parties if efforts to establish ballot access are successful.

I have been advised, however, that I may be deemed to fall within the technical definition of a "candidate" for that office under Federal Election Commission regulations and required to make certain filings. This is because there is no mechanism in many states by which a new party may gain ballot access. Instead, ballot access may be obtained only through circulation of petitions on behalf of named candidates. States generally permit later substitution of another candidate for that named on the petition, in recognition of the improper burden placed on new party or independent candidates compared to the nominees of the Republican and Democrat Parties, who are selected in July or August.

I have been advised that unless my name is used on the candidate petitions, which may render me a "candidate" for regulatory purposes, a legal dilemma exists under the rules administered by the Commission. Any expenditures I make in connection with the circulation of petitions could technically be construed as contributions to the named candidate, even though they are "independent expenditures" in that the ultimate candidate may be a different individual, making "coordination" with that candidate impossible. (Indeed, there may be no candidate if the Reform Party does not come into existence or fails to field a presidential candidate.) But because the named candidate by definition will cooperate with the effort to obtain ballot status, the expenditures may not be technically "independent" and may be deemed improper contributions if a name other than mine is used. Therefore, in order to ensure compliance with 11 CFR § 101.1

and related regulations, I file this letter in lieu of FEC Form 2 and submit the following required information:

"Name and Address"

Ross Perot
1700 Lakeside Square
12377 Merit Drive
Dallas, Texas 75251

"Party Affiliation"

None/Reform Party

"Designation of Principal
Campaign Committee"

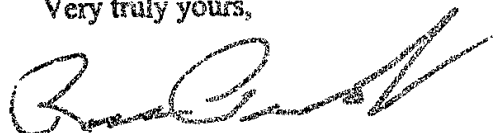
Perot Reform Committee
7616 LBJ Freeway, Suite 727
Dallas, Texas 75251

"Description of Other
Authorized Committees"

None

I hereby certify that to the best of my knowledge and belief this information is true, correct and complete.

Very truly yours,



Ross Perot