




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: August 12, 2002

**SUBJECT: Statement Of Reasons for MUR 4530
DNC Services Corporation/Democratic National
Committee and its treasurer**

**Attached is a copy of the Statement Of Reasons for MUR 4530
signed by Vice Chairman Karl J. Sandstrom and Commissioner
Bradley A. Smith.**

**This was received in the Commission Secretary's Office on
Monday, August 12, 2002 at 10:10 a.m.**

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

Attachment

22-04-405-5030



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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 22, 2001, by a 1-5¹ vote, the Commission declined 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) with respect to a \$20,000 contribution accepted by the DNC from foreign national Sy Zuan Pan.

Treasurers are responsible for examining all contributions received for evidence of illegality. 11 C.F.R. § 103.3(b). However, section 103.3(b)(2) states that:

If the treasurer in exercising his or her responsibilities under 11 CFR 103.3(b) determined that at the time a contribution was received and deposited, it did not appear to be made by a corporation, labor organization, foreign national or Federal contractor, or made in the name of another, but later discovers that that it is illegal based on evidence not available to the political committee at the time of receipt and deposit, the treasurer shall refund the contribution to the contributor within thirty days of the date on which the illegality is discovered.

Sy Zuan Pan made his contribution to the DNC on September 18, 1996. There was no indication on its face that the check was from an illegal source. The contribution was identified as illegal in the House Interim Report submitted on November 5, 1998. The DNC promptly disgorged Pan's contribution shortly thereafter on November 12, 1998 after its outside counsel investigated the House Report finding.

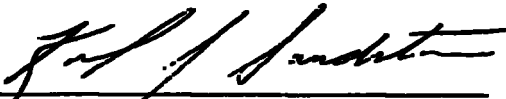
¹ Commissioner Mason voted in the affirmative.

22-04-405-5031

The undersigned rejected the Acting General Counsel's recommendation because the contribution was timely disgorged pursuant to 11 C.F.R. § 103.3(b)(2) and there was insufficient evidence the DNC had sufficient knowledge to have violated section 441e(a).

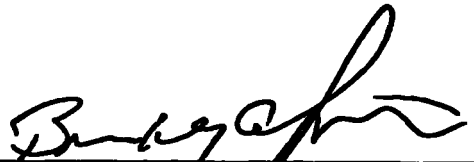
8/12/2002

Date


Karl J. Sandstrom, Vice Chairman

8/7/02

Date


Bradley A. Smith, Commissioner

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