



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**VIA FAX & 1<sup>ST</sup> CLASS MAIL**

**JUL 13 2007**

Mr. John D. McMickle, Esq.  
Winston & Strawn LLP  
1700 K Street, N.W.  
Washington, DC 20006-3817

RE: MUR 5784  
Morton Grove Pharmaceuticals, Inc.  
Brian A. Tambi  
Richard Lopatin

Dear Mr. McMickle:

On August 15, 2006, Mr. Bizzell, previously of your firm, was notified that the Federal Election Commission found that there is reason to believe your clients, Morton Grove Pharmaceuticals, Inc., and Brian A. Tambi, violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). This is to advise you that based on information ascertained by the Commission since that time, on June 28, 2007, the Commission found that there is reason to believe your client Richard Lopatin violated 2 U.S.C. §§ 441b(a) and 441f. The Factual and Legal Analysis, which more fully explains the Commission's findings as to Mr. Lopatin, is attached for your information.

We have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. In addition, please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519. In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

In order to expedite the resolution of this matter, the Commission has authorized the Office of the General Counsel to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. Pre-

20070713 150400

probable cause conciliation is not mandated by the Act or the Commission's regulations, but is a voluntary step in the enforcement process that the Commission is offering to you as a way to resolve this matter at an early stage and without the need for briefing the issue of whether or not the Commission should find probable cause to believe that you violated the law.

If you are interested in engaging in pre-probable cause conciliation, please contact April Sands, the attorney assigned to this matter, at (202) 694-1650 or (800) 424-9530, within seven days of receipt of this letter. During conciliation, you may submit any factual or legal materials that you believe are relevant to the resolution of this matter. Because the Commission only enters into pre-probable cause conciliation in matters that it believes have a reasonable opportunity for settlement, we may proceed to the next step in the enforcement process if a mutually acceptable conciliation agreement cannot be reached within sixty days. See 2 U.S.C. § 437g(a), 11 C.F.R. Part 111 (Subpart A). Similarly, if you are not interested in pre-probable cause conciliation, the Commission may conduct formal discovery in this matter or proceed to the next step in the enforcement process. Please note that once the Commission enters the next step in the enforcement process, it may decline to engage in further settlement discussions until after making a probable cause finding.

We look forward to your response.

Sincerely,



Robert D. Lenhard  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures

20044190401

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**MUR 5784**

**RESPONDENT:**

**Richard Lopatin**

**I. FACTUAL BACKGROUND**

Morton Grove Pharmaceuticals, Inc. ("MGP") is a privately-held corporation located in Morton Grove, Illinois. It is a manufacturer of low cost pharmaceuticals with approximately 300 employees. By way of a *sua sponte* submission, MGP informs the Commission through counsel of "potential unknowing violations of the Federal Election Campaign Act of 1971, as amended." Brian Tambi, President, CEO and Chairman of the Board of MGP, made ten contributions from 2001 through 2005 to the National Republican Congressional Committee ("NRCC") and two candidate committees totaling \$28,000.<sup>1</sup> On advice from Richard Lopatin, MGP's CFO, Mr. Tambi then submitted routine Expense Statements regarding these contributions and was reimbursed by MGP as a business expense.

After an inquiry by a MGP board member in May 2005, Tambi consulted outside legal counsel and learned that the contributions were illegal. Tambi then reimbursed MGP for the prohibited contributions on May 27, 2005. MGP conducted an internal review to determine the extent of the illegal activity. With assistance from counsel, MGP also drafted a company policy designed to prevent reimbursement of political contributions and "has instituted corporate controls to make sure similar prohibited reimbursements do not occur in the future." This policy has been put into a "Standard Operating Procedure" ("SOP") that all employees are required to

---

<sup>1</sup> Four of the contributions to the NRCC, totaling \$2,500, were made prior to the effective date of Bipartisan Campaign Reform Act's ban on corporate contributions to national political parties.

20100914002

read and understand. MGP has notified the affected political committees regarding the impermissible contributions, requested that they disgorge the monies received to the US Treasury, and has waived its right to any refunds.

## II. ANALYSIS

The Act defines “contribution” as anything of value made by any person for the purpose of influencing any election for federal office. 2 U.S.C. § 431(8)(A)(i). Under the Act, corporations are prohibited from making contributions or expenditures from their general treasury funds in connection with any election of any candidate for federal office. 2 U.S.C. § 441b(a). Corporate officers are prohibited from consenting to such contributions. *Id.* No person, including a political committee or a candidate, may knowingly accept or receive a corporate contribution. *Id.* The Act also provides that no person shall make a contribution in the name of another person or knowingly permit his or her name to be used to effect such a contribution, and that no person shall knowingly accept a contribution made by one person in the name of another person. 2 U.S.C. § 441f. The Act defines the term “person” to include a corporation. 2 U.S.C. §431(11). Thus, the prohibition applies to a corporation’s reimbursement to an individual for his contribution to a Federal candidate or political committee.

Mr. Lopatin is the CFO of MGP who advised Tambi to submit Expense Statements for reimbursement of the political contributions. While there is no evidence suggesting that his actions were in knowing or willful violation of the law, Mr. Lopatin, as Chief Financial Officer of the corporation, was prohibited from consenting to the illegal reimbursement of the political contributions made by Mr. Tambi. Accordingly, the Commission finds reason to believe Richard Lopatin violated 2 U.S.C. §§ 441b(a) and 441f.