



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AUG 29 2007

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

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

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

Dear Mr. McMickle:

On August 16, 2007 the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 441b(a) and 441f provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "April J. Sands".

April J. Sands
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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Morton Grove Pharmaceuticals, Inc.)
Brian A. Tambi)
Richard Lopatin)

MUR 5784

2007 AUG 10 P 12: 56

CONCILIATION AGREEMENT

This Matter was initiated by a *sua sponte* submission filed with the Federal Election Commission ("the Commission") by Morton Grove Pharmaceuticals, Inc. pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. §§ 437g(a)(1) and (2). In the submission, Morton Grove Pharmaceuticals, Inc., on its own initiative, candidly disclosed that it had discovered that Brian Tambi, President, CEO and Chairman of the Board of Morton Grove Pharmaceuticals, Inc., made ten Federal political contributions from 2001 through 2005 totaling \$28,000. On advice from Richard Lopatin, Morton Grove Pharmaceuticals, Inc.'s CFO, Mr. Tambi then submitted routine Expense Statements regarding these contributions and was reimbursed by Morton Grove Pharmaceuticals, Inc. as a business expense. Based on the facts disclosed by Morton Grove Pharmaceuticals, Inc. and other available information, the Commission found reason to believe Morton Grove Pharmaceuticals, Inc., Brian Tambi and Richard Lopatin (collectively, "Respondents") violated 2 U.S.C. §§ 441b(a) and 441f.

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation prior to a finding of probable cause to believe, do hereby agree as follows:

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I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. 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. Brian Tambi was President, CEO and Chairman of the Board of MGP, from 2001 to 2005, when the violations occurred. Richard Lopatin was CFO of MGP when the violations occurred.

2. 2 U.S.C. § 441f prohibits: (1) making a contribution in the name of another; (2) knowingly permitting one's name to be used to effect such a contribution; and (3) knowingly accepting such a contribution. In addition, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(iii).

3. 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). In addition, section 441b(a) prohibits any officer or director of any corporation from consenting to any contribution or expenditure by the corporation. Section 441b(a) also makes it unlawful for any candidate, political committee, or other person knowingly to accept or receive a contribution prohibited by section 441b(a).

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4. Brian Tambi made ten Federal political contributions totaling \$28,000 in his own name on behalf of MGP to the federal political committees indicated on the dates provided:¹

Recipient Committee	Date	Amount
NRCC	1/10/2001	\$ 500
NRCC	2/7/2001	\$ 500
NRCC	2/20/2001	\$ 500
Friends of Schumer	11/16/2001	\$ 1,000
NRCC	10/21/2002	\$ 1,000
NRCC	3/24/2004	\$ 5,000
NRCC	9/22/2004	\$ 10,000
NRCC	11/9/2004	\$ 7,500
Pallone for Senate	9/17/2004	\$ 1,000
Pallone for Senate	3/7/2005	\$ 1,000
TOTAL		\$ 28,000

5. On advice from and after consulting with Richard Lopatin, MGP's CFO, Mr. Tambi then submitted routine Expense Statements regarding these contributions and was reimbursed by MGP with corporate funds as a business expense.

6. In May 2005, Tambi consulted outside legal counsel and learned that the contributions were impermissible. Tambi then reimbursed MGP on his own initiative for the prohibited contributions on May 27, 2005.

7. Respondents contend that they were unaware of any legal prohibitions regarding the activity at issue in this Matter.

8. The Commission made no knowing and willful findings against any Respondent in this Matter.

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

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V. Respondents Morton Grove Pharmaceuticals, Inc., Brian Tambi and Richard Lopatin made or consented to prohibited corporate contributions and contributions in the name of another in violation of 2 U.S.C. §§ 441b(a) and 441f.

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of Nine Thousand Dollars (\$9,000) pursuant to 2 U.S.C. § 437g(a)(5)(B). Respondents will cease and desist from violating 2 U.S.C. §§ 441b and 441f. Further, Respondents waive their rights to a refund of all political contributions from the recipient committees.

VII. In determining the appropriate civil penalty for this case, the Commission considered the following factors:

- A. MGP conducted an internal review to determine the extent of the impermissible activity and reported the violations to the Commission. To determine whether any additional MGP employees had been reimbursed for Federal political contributions with corporate funds, MGP distributed a memorandum to all MGP employees seeking information regarding any reimbursement by MGP of Federal political contributions.
- B. With assistance from counsel, MGP drafted a company policy on political contributions to ensure full compliance with Federal law. This policy has been put into a "Standard Operating Procedure" that all employees are required to read and understand. The Respondents have requested its internal Audit Committee to determine compliance with MGP's "Standard Operating Procedure." The Respondents have also instructed their independent external auditors to identify any Federal political contributions discovered during future annual audits.

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- C. MGP has notified the affected Federal 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.
- D. Mr. Tambi has repaid all monies he received from MGP as reimbursement for contributions he made to Federal political committees.
- E. All of the Respondents fully cooperated with the Commission throughout the course of its investigation. This level of cooperation helped facilitate a timely resolution of the matter. Because of the high degree of cooperation received from the Respondents and their actions after discovering the violations of the Act, the civil penalty is significantly less than the amount the Commission would have ordinarily sought.

VIII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

IX. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

X. With the exception of the obligations set forth in Paragraph VIII, Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on


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the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

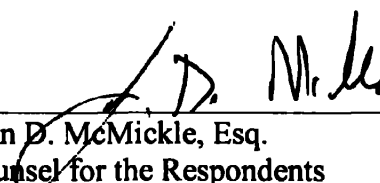
Thomasenia P. Duncan
General Counsel

8/29/07
Date

BY: 
Ann Marie Terzaken
Acting Associate General Counsel
for Enforcement

FOR THE RESPONDENTS:

Aug. 10 2007
Date


John D. McMickle, Esq.
Counsel for the Respondents

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THIS IS THE END OF MUR # 5784

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