

★
arizona
**DEMOCRATIC
P A R T Y**

2910 North Central Avenue
Phoenix, AZ 85012
Phone: (602) 298-4200
Fax: (602) 298-7117
www.azdem.org

January 23, 2008

VIA FEDEX

General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Irregularities in John Shadegg's Friends and Leadership for America's Future
PAC's FEC Filings

Dear General Counsel:

In reviewing John Shadegg's Friends (the "campaign") campaign finance reports for the 2008 election and comparing them to the campaign finance reports of Mr. Shadegg's political action committee, Leadership for America's Future PAC (the "PAC"), it appears that the campaign and the PAC may have colluded together to avoid the individual contribution limits to a federal candidate and in violation of several FEC regulations.

According to the campaign's July Quarterly report, filed on July 12, 2007, the campaign received two contributions from John Dawson on May 31, 2007, each in the amount of \$2,300. On June 2, 2007, the campaign also received two contributions from David S. Van Denburgh, each in the amount of \$2,300. With those contributions, both donors maxed out their contributions to the campaign and were prohibited from giving any additional resources to the campaign. See 11 C.F.R. § 110.1(b).

Undeterred by these limitations, both men gave \$5,000 each to the PAC on June 15, 2007. Less than two weeks later, the PAC turned around and gave two contributions of \$5,000 to the campaign. This pattern of behavior demonstrates that the contributions to the PAC were really designed to circumvent the individual contribution limits and that

Contributions are not tax deductible for federal income tax purposes.

Paid for by the Arizona Democratic Party; Don Bivens Chairman; Rick McGuire Treasurer
2910 North Central Avenue, Phoenix, AZ 85012

Your contribution will be used in connection with federal elections and is subject
to the limitations and prohibitions of the Federal Election Campaign Act.

Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation
and name of employer of individuals whose contributions exceed \$200 per calendar year.

Not authorized by any candidate or candidate's committee.

Don Bivens
Chairman

Maria Weeg
Executive Director



the contributions from the PAC to the campaign were really made on behalf of Mr. Dawson and Mr. Van Denburgh.

At least three FEC regulations may have been violated by these actions. First, a person cannot make a campaign contribution in the name of another. 11 C.F.R. § 110.4(b). The contributions from the PAC to the campaign appear to have been made, not in the name of the PAC, but in fact, on behalf of Mr. Dawson and Mr. Van Denburgh. It was improper for the campaign to accept such contributions from the PAC, and it was improper for the PAC to make such contributions.

Second, a person cannot make a contribution to a candidate's campaign committee and to a political committee that is supporting that candidate when the contributor has knowledge that a substantial portion of his contribution will be given to the candidate. 11 C.F.R. § 110.1(h). Here, two \$5,000 contributions were made to the PAC, shortly after the individuals had maxed out to the campaign. Immediately after receiving the contributions, the PAC gave the exact same amount to the campaign. It appears that the PAC contributions were intended to go to the campaign, and thus that the donors gave their contributions to the PAC with the knowledge that their money would go directly to the campaign.


Third, a political committee treasurer has the affirmative duty to investigate any questionable campaign contribution, and to refund them within thirty days of receipt if they present genuine, unresolved questions of illegality. 11 C.F.R. § 103.3(b). Two weeks after the campaign received maximum contributions from Mr. Dawson and Mr. Van Denburgh, it received maximum contributions from the PAC, and the only donors to the PAC at that time were Mr. Dawson and Mr. Van Denburgh. The questionable propriety of these contributions should have been obvious to the campaign's treasurer, Ian A. MacPherson, because he is also the PAC's treasurer, so he would be familiar with the campaign finance reports of both political committees. Accordingly, he should have investigated the possible illegality of the PAC contributions to the campaign before depositing the contributions. Such an investigation would have revealed that the contributions to the PAC violated FEC rules and should not have been accepted by the PAC. Likewise, the contributions to the campaign violated FEC rules and should not have been accepted by the campaign.

Finally, the PAC ostensibly exists to support multiple candidates. And yet, during the entire first half of 2007, it managed to support only Mr. Shadegg. This raises the question of whether the PAC's solicitation and administrative expenses represent in-kind contributions to the campaign. In 2003, the Commission warned that "a leadership

PAC's provision of funds, goods, or services to *any* authorized committee will be treated as a contribution." Leadership PACs, 68 Fed. Reg. 67,013, 67,016 (2003). The rules do not "allow a leadership PAC to provide support to the Federal officeholder or candidate with whom it is associated in amounts different to other similar political committees." *Id.* Here, the facts tend to prove that the PAC simply served as an alternative means to support the campaign. The expenses it incurred to raise and spend funds were in-kind contributions to the campaign because the PAC operated solely to support the campaign.

These are apparent, serious violations of the campaign finance laws. *See, e.g.,* Craig C. Donsanto, *et al.*, Federal Prosecution of Election Offenses, at 153 (7th ed. 2007) (describing contributions in the name of another as among the "heartland" provisions of federal campaign finance law, and thus subject to criminal prosecution). Thus, I request that this matter be investigated for violations of the FEC regulations and other applicable laws.

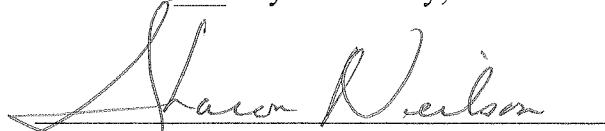
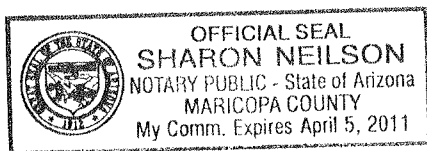
Very truly yours,



Maria Weeg
Executive Director
Arizona Democratic Party

STATE OF ARIZONA)
)ss.
County of Maricopa)

Maria Weeg, being duly sworn, acknowledged the foregoing instrument was true and correct to the best of her knowledge before me this 23rd day of January, 2008.



Notary Public

My commission expires: April 5, 2011

General Counsel
January 23, 2008
Page 4

59128-0001/LEGAL13877867.1