



# NATIONAL TAXPAYERS UNION

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

APR 16 2 57 PM '01

April 13, 2001

The Honorable Danny L. McDonald  
Chairman  
The Federal Election Commission  
999 E Street, N.W.  
Washington, DC 20463

MUR #

5197

Dear Chairman McDonald:

After a thorough review of the Reports and Disbursement filings of several national party committees, the National Taxpayers Union believes that two Congressionally-chartered corporations, the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), have made contributions to the nonfederal accounts of several of these committees in violation of 2 U.S.C. § 441b(a).

As you know, Section 441b of the Federal Election Campaign Act makes it unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office. Federal regulation makes it clear that the Section 441b prohibition also covers state and local political activity, including "soft money" donations. 11 C.F.R. 114.2(a) states that "national banks and corporations organized by authority of any law of Congress are prohibited from making a contribution . . . in connection with any political office, including local, state and federal offices." It is NTU's understanding that one of the few exceptions to this prohibition is found in 2 U.S.C. 431(8)(B)(viii) which permits corporations, including Congressionally-chartered corporations, to make donations for the construction or purchase of a building by a political party.

As Congressionally-chartered corporations, Fannie Mae and Freddie Mac are strictly prohibited from making contributions to the nonfederal accounts of national party committees which are used to influence federal, state, or local elections. However, from our review, it appears that the corporations made several such contributions, in apparent violation of federal law.

For your review, we are enclosing a 1997-2000 summary report of soft money donations to nonfederal accounts. While some of these contributions may have been made to permissible "building fund" accounts, Fannie Mae's non-building soft money donations totaled almost \$340,000 and Freddie Mac's non-building soft money donations totaled slightly in excess of \$400,000. These nonfederal accounts are routinely the source of funds transferred to state party funds which are in turn used for the expressed advocacy of state and local candidates in addition to registration and get-out-the-vote efforts which are candidate-specific. Fannie Mae and Freddie Mac are specifically

prohibited from using resources to impact on such state and local election-related activities.

Further, we request that you examine the building fund contributions (in excess of \$1 million by Fannie Mae and in excess of \$2.4 million by Freddie Mac) to ensure that these funds were not diverted to prohibited nonfederal accounts. The law is very specific that such contributions may be used only for "construction or purchase of any office facility" and not to fund the political campaigns of state and local officials or other election-related activities.

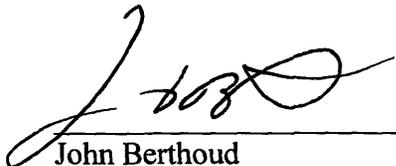
On behalf of our 300,000 members nationwide, the National Taxpayers Union asks that you take action on this complaint as soon as possible. Given the taxpayer backing of these two Government-Sponsored Enterprises (GSEs), it is important for the American public to quickly get to the bottom of these very troubling questions.

Sincerely,

John Berthoud  
President

#### VERIFICATION

I, John Berthoud, hereby swear that the facts in this Complaint are true and correct to the best of my knowledge.

  
\_\_\_\_\_  
John Berthoud

Subscribed and sworn to before me on this 13<sup>th</sup> day of April 2001 in the Commonwealth of Virginia

  
\_\_\_\_\_  
Mary Vetter, Notary Public

My Commission Expires: 10/31/04



Presented by the Federal Election Commission

## Individual Contributions Arranged By Type, Giver, Then Recipient

### Non-Federal Receipts "Exempt From Limits"

FANNIE MAE,  
WASHINGTON, DC 20016

1997 REP S/H DINNER BUILDING FUND (NON-FEDERAL)

06/17/1997 20000.00 97032263665

1999 REP S/H DINNER NON-FED BUILDING FUND

07/07/1999 50000.00 20035212504

2000 REP H/S DINNER NON FED BUILDING FUND

06/21/2000 100000.00 20035862791

DCCCC BUILDING FUND #1

08/24/1999 2500.00 20035123052  
06/22/2000 50000.00 20035774639  
06/29/2000 50000.00 20035774639  
07/13/2000 25000.00 20036214082  
08/24/2000 2500.00 20036214082

DCCCE BUILDING ACCOUNT #1

07/25/1997 3000.00 97032362757  
03/31/1998 300.00 98033050848  
06/24/1998 500.00 98033383989  
06/24/1998 25000.00 98033383989  
04/12/1999 400.00 99034501598  
05/07/1999 400.00 99034532543  
06/10/1999 50000.00 99034604348  
06/28/1999 50000.00 99034604348

DNC - BUILDING FUND

10/26/1998 75000.00 98033981987  
07/14/2000 50000.00 20036155246  
07/14/2000 100000.00 20036155246

24-04-407-0013

DSCC NON-FEDERAL BUILDING FUND

06 23 1997	25000.00	<u>97032160254</u>
10 21 1998	10000.00	<u>98020270608</u>
04 08 1999	15000.00	<u>99020050954</u>
06 28 1999	50000.00	<u>99020060498</u>
02 08 2000	15000.00	<u>20020100543</u>
03 20 2000	50000.00	<u>20020141949</u>
03 20 2000	50000.00	<u>20020141949</u>

NRCCC - NON FED ACT

02 14 1997	25000.00	<u>97032242468</u>
03 20 1997	10000.00	<u>97032242468</u>
04 30 1997	250.00	<u>97032242468</u>
06 19 1997	10000.00	<u>97032242468</u>
09 18 1997	15000.00	<u>98032662544</u>
03 06 1998	2000.00	<u>98032954507</u>
03 06 1998	10000.00	<u>98032954507</u>
03 06 1998	15000.00	<u>98032954507</u>
03 06 1998	25000.00	<u>98032954507</u>
05 29 1998	10000.00	<u>98033273596</u>
05 29 1998	15000.00	<u>98033273596</u>
10 20 1998	50000.00	<u>98034001447</u>
11 18 1998	5000.00	<u>98034001447</u>
03 10 1999	5000.00	<u>99034642149</u>
03 10 1999	20000.00	<u>99034642149</u>
03 10 1999	25000.00	<u>99034642149</u>
06 16 1999	700.00	<u>99034642149</u>
07 26 1999	5000.00	<u>20035162760</u>
12 13 1999	50000.00	<u>20035162760</u>

NRSC-BUILDING FUND

11-10-1997	15000.00	<u>97020130978</u>
10 14 1998	50000.00	<u>98020252373</u>
10 26 1998	25000.00	<u>98020273499</u>
07 07 1999	25000.00	<u>99020101217</u>
08 31 1999	5000.00	<u>99020102628</u>
08 31 1999	45000.00	<u>99020102628</u>
06 30 2000	100000.00	<u>20020231970</u>

RNC REPUBLICAN NATIONAL STATE ELECTIONS COMMITTEE

07 07 1998	10000.00	<u>98033464546</u>
04 29 1999	15000.00	<u>99034492670</u>
02 16 2000	15000.00	<u>20035354393</u>

**Total Soft Money: 1472550.00**

TRY A: NEW QUERY



Presented by the Federal Election Commission

## Individual Contributions Arranged By Type, Giver, Then Recipient

### Non-Federal Receipts "Exempt From Limits"

FREDDIE MAC,  
MC LEAN, VA 22102

NRSC-BUILDING FUND

12/31 1997	50000.00	<u>98020051115</u>
04/17 2000	50000.00	<u>20020160556</u>

FREDDIE MAC,  
MCLEAN, VA 22102

1998 REP H'S DINNER BUILDING FUND

03/10 1998	100000.00	<u>98032982309</u>
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1999 REP S H DINNER NON-FED BUILDING FUND

09/09 1999	100000.00	<u>20035212504</u>
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DCCCC BUILDING FUND #1

12/31/1999	25000.00	<u>20035123052</u>
02/24/2000	25000.00	<u>20035423519</u>
02/24/2000	75000.00	<u>20035423519</u>
06/30 2000	100000.00	<u>20035774639</u>
09/21 2000	50000.00	<u>20036214082</u>

DCCCE BUILDING ACCOUNT #1

02/28 1997	25000.00	<u>97031920297</u>
04/30 1998	25000.00	<u>98033140242</u>

DSCC NON-FEDERAL BUILDING FUND

04/30 1997	50000.00	<u>97020053232</u>
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11-04-03-003

NRSC-BUILDING FUND

05/06/1997	100000.00	<u>97020062213</u>
10/05/2000	100000.00	<u>20020372026</u>
11/03/2000	125000.00	<u>20020411200</u>
11/03/2000	125000.00	<u>20020411200</u>

RNC COMMITTEE TO PRESERVE THE DWIGHT D EISENHOWER NATIONAL  
REPUBLICAN CENTER

05/31/2000	125000.00	<u>20035661018</u>
05/31/2000	125000.00	<u>20035661018</u>

**FREDDIE MAC,  
WASHINGTON, DC 20004**

DNC - BUILDING FUND

07/02/1998	50000.00	<u>98033642060</u>
08/24/1998	50000.00	<u>98033642060</u>
02/24/1999	25000.00	<u>99034664836</u>
06/29/1999	25000.00	<u>99034664836</u>
07/07/2000	25000.00	<u>20036155246</u>
07/07/2000	100000.00	<u>20036155246</u>
07/07/2000	125000.00	<u>20036155246</u>
10/11/2000	50000.00	<u>20036392258</u>

DSCC NON-FEDERAL BUILDING FUND

06/26/1998	25000.00	<u>98020161992</u>
12/17/1999	25000.00	<u>20020023192</u>
02/22/2000	25000.00	<u>20020100543</u>
06/30/2000	100000.00	<u>20020231406</u>

NRCCC - NON FED ACT

04/24/1997	100000.00	<u>97032242470</u>
09/23/1998	10000.00	<u>98033653444</u>
09/23/1998	90000.00	<u>98033653444</u>
04/15/1999	25000.00	<u>99034642158</u>
04/15/1999	75000.00	<u>99034642158</u>
05/12/2000	3000.00	<u>20035793370</u>

NRSC - NONFEDERAL

10/14/1999	100000.00	<u>99020110578</u>
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NRSC-BUILDING FUND

09/03/1999	10000.00	<u>99020103692</u>
12/20/1999	25000.00	<u>20020022343</u>
12/20/1999	75000.00	<u>20020022343</u>

2004-04-03-0016

FREDDIE MAC,  
WASHINGTON, DC 20006

DSCC NON-FEDERAL BUILDING FUND

06.30 2000

100000.00

20020231406

FREDDIE MAC,  
WASHINGTON, DC 20077

NRSC-BUILDING FUND

07.22 1998

100000.00

98020182624

10.27 1998

100000.00

98020273499

07.17 2000

30000.00

20020260974

**Total Soft Money: 2843000.00**

TRY A: NEW QUERY  
RETURN TO: FEC HOME PAGE

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