



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

Laffey US Senate and Richard J. Sullivan, in his official)
capacity as Treasurer)
Stephen Laffey)
City of Cranston, Rhode Island)
)

MUR 5770

**STATEMENT OF REASONS OF CHAIRMAN ROBERT D. LENHARD AND COMMISSIONERS
HANS A. VON SPAKOVSKY, STEVEN T. WALTHER AND ELLEN L. WEINTRAUB**

I. INTRODUCTION

This matter involves a complaint filed by the National Republican Senatorial Committee against Laffey US Senate, the principal campaign committee of Stephen Laffey, who sought the Republican nomination for Senate in Rhode Island in 2006. The complaint alleges that a letter sent by the City of Cranston and Cranston's then-Mayor Laffey to Cranston property owners along with their yearly property tax bills constitutes a prohibited in-kind corporate contribution by the City of Cranston to Laffey US Senate in the form of a coordinated expenditure. On May 30, 2007, the Commission rejected the Office of General Counsel's recommendation that the Commission find reason to believe the City of Cranston made a prohibited in-kind contribution and that Laffey US Senate knowingly accepted and failed to report the prohibited contribution. The Commission instead voted to dismiss this matter in an exercise of its prosecutorial discretion. *See Heckler v. Chaney*, 470 U.S. 821, 831 (1985).

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II. FACTUAL AND LEGAL ANALYSIS

On or about June 19, 2006, the City of Cranston mailed Cranston property owners their annual city property tax bills. Along with the tax bill, a cover letter signed by then-Mayor Laffey was included. At that time, Laffey was also a candidate for a seat in the United States Senate. According to Laffey US Senate, it was typical for then-Mayor Laffey and previous Cranston mayors to send a cover letter with the annual tax bill.

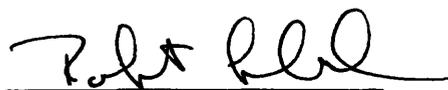
The letter at issue states that Cranston taxes have been reduced by one and a half percent, and directs readers to a second page showing that most other Rhode Island municipalities were raising taxes. The letter then states that Laffey has been humbled and honored to have served as mayor for the past four years, and highlights several accomplishments that occurred in Cranston while he was mayor. The letter also states that Laffey will not be mayor next year and suggests that readers cut out from the bottom of the page "Mayor Laffey's Warning Signs" for the next administration. Laffey signed the letter as "Stephen P. Laffey, Mayor." The letter does not mention Laffey's Senate campaign or his status as a federal candidate.

The complaint alleges that Laffey's letter is "a patently political communication" and that it constitutes a coordinated communication and, thus, the additional costs associated with the cover letter, \$3,366, constitute an in-kind contribution to Laffey's campaign in the form of a coordinated communication. *See* 11 C.F.R. § 109.21(b)(1). Laffey counters that the letter was not for the purpose of influencing a federal election, as it only discussed the financial progress the City of Cranston made during his tenure as mayor. The City of Cranston asserts, in addition, that although it paid for the communication, it did not cooperate, consult with, or act in concert with Laffey. According to the City of Cranston, the payment for the communication does not, alone, mean that it had the "knowledge or intent" to "coordinate" with Laffey.

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Given the specific circumstances present in this matter, including the relatively small amount potentially in violation and the nature of the communication, the Commission does not believe that further use of its limited resources is warranted in this matter. Accordingly, the Commission voted to dismiss this matter in an exercise of its prosecutorial discretion. See *Heckler v. Chaney*, 470 U.S. 821, 831 (1985).

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Robert D. Lenhard

Chairman

9/12/07
Date



Hans A. von Spakovsky
Commissioner

9-12-07
Date



Steven T. Walther
Commissioner

9/12/07
Date



Ellen L. Weintraub

Commissioner

9/12/07
Date