

1 **BEFORE THE FEDERAL ELECTION COMMISSION**

2
3 In the Matter of)
4)
5 GSP Consulting Corporation)
6 GSP Consulting Corporation PAC and Aaron Grau) MUR 5749
7 in his official capacity as treasurer)
8 John Dick)
9 Joseph Kuklis)
10 Charles Hammel)

11 **CONCILIATION AGREEMENT**

12 This matter was initiated by a signed, sworn and notarized complaint filed by the
13 Center for Responsibility and Ethics in Washington. The Federal Election Commission
14 ("Commission") found reason to believe that GSP Consulting Corporation ("GSP")
15 violated 2 U.S.C. § 441b, GSP Consulting Corporation PAC and Aaron Grau, in his
16 official capacity as treasurer, ("GSP PAC"), violated 2 U.S.C. §§ 433(b)(2),
17 441a(a)(1)(A), 441a(f) and 441b(b)(4)(A)(i), Joseph Kuklis and John Dick violated
18 2 U.S.C. §§ 441a(a)(1)(C) and 441b(a), and Charles Hammel (collectively
19 "Respondents") violated 2 U.S.C. § 441a(a)(1)(C).

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

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

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

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

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

2 1. GSP is a Pennsylvania corporation. GSP PAC is a “political
3 committee” within the meaning of 2 U.S.C. § 431(4)(B) and 11 C.F.R. § 100.5 and is a
4 “separate segregated fund” (“SSF”) of GSP within the meaning of 2 U.S.C. § 441b(b)
5 and 11 C.F.R. § 114.5.

6 2. John Dick was treasurer of GSP PAC at the time the violations
7 described herein occurred. Aaron Grau became treasurer of GSP PAC on June 6, 2007,
8 after the violations described herein occurred and is named herein only in his official
9 capacity.

10 3. The Federal Election Campaign Act of 1971, as amended (“the Act”),
11 prohibits corporations from making contributions or expenditures in connection with a
12 federal election and facilitating contributions by soliciting earmarked contributions that
13 are to be collected and forwarded by a corporation’s SSF unless they are treated as
14 contributions to and from the SSF, which limits such solicitations to its stockholders and
15 executive or administrative personnel and their respective families (the “restricted
16 class”), and prohibits corporate officers from consenting to such facilitation. 2 U.S.C.
17 §§ 441b(a), 441b(b); 11 C.F.R. §§ 114.1, 114.2, 114.5(g). The Act also prohibits
18 corporations from soliciting contributions to their SSFs from outside the restricted class.
19 2 U.S.C. § 441b(b); 11 C.F.R. §§ 114.2, 114.5(g).

20 4. The Act requires affiliated committees to report their affiliation on their
21 statements of organization and imposes a single contribution limit on affiliated
22 committees. 2 U.S.C. §§ 433(b)(2) and (c), 441a(a)(5); 11 C.F.R. §§ 100.5, 110.3.
23 Commission regulations provide for an examination of various factors in the context of

1 an overall relationship to determine whether one company is an affiliate of another and
2 thus whether their respective SSFs are affiliated with each other. 11 CFR
3 §§ 100.5(g)(4)(i) and (ii)(A)-(J), 110.3(a)(3)(i) and (ii)(A)-(J).

4 5. The Act prohibits persons from making contributions in excess of
5 \$5,000 to SSFs, prohibits SSFs from accepting such excessive contributions, and
6 prohibits excessive contributions to an authorized candidate committee. 2 U.S.C.
7 §§ 441a(a)(1)(A), 441a(a)(1)(C), 441a(f).

8 6. In August 2004, in connection with a fundraiser for Congressman Tim
9 Murphy sponsored by GSP PAC, Joseph Kuklis, a GSP principal with no official position
10 with GSP PAC, sent an email to GSP employees stating, "We are hosting a breakfast
11 fundraiser for Congressman Murphy....There is no set tix price, but I am asking us to
12 raise anywhere between \$199-250 per person. Our min goal for the event is \$3k." The
13 email then requests the GSP employee recipients to "give some thought on who we can
14 call to raise some \$\$ for Murphy," and includes a list of 17 "clients who should have an
15 interest in supporting Murphy."

16 7. Mr. Kuklis also sent invitations soliciting contributions for the Murphy
17 fundraiser to persons outside GSP's restricted class. The email invitations state:

18 GSP would like you to join us for breakfast with Congressman Tim
19 Murphy on August 23, 2004 at 8:00 AM in the Grand Concourse
20 Restaurant. Congressman Murphy has served western Pennsylvania for
21 nearly a decade in the State Senate and the United States House of
22 Representatives. Throughout those years he has been an advocate for
23 business and economic development in the in the region, and his
24 leadership is essential to the growth of the area. We hope you support him
25 in this upcoming election, and we are asking you to contribute \$250 to this
26 cause. If you can attend, please RSVP to Jonathan Fasson [at a GSP
27 phone number]. We hope to see you on the 23rd. Regards, Joe
28

1 10. In connection with 2005 fundraisers for three campaign committees and a
2 leadership PAC, none of which GSP or GSP PAC sponsored, and a 2005 fundraiser for a Senate
3 campaign committee, co-sponsored by GSP PAC, GSP principals and a consultant solicited
4 contributions on behalf of GSP from client personnel and others outside the restricted class.

5 11. In October 2002, GSP entered into a joint venture with a law firm to establish
6 Houston Harbaugh Legislative Services (“HHLS”), a Pennsylvania LLC, and another SSF was
7 established for this entity, Houston Harbaugh Legislative Services PAC and Gregory Harbaugh,
8 in his official capacity as treasurer, (“HHLS PAC”), in November 2004. HHLS PAC was
9 terminated in March 2006 after GSP had acquired all interest in HHLS. Prior to March 2006,
10 GSP and HHLS and their respective SSFs were affiliated because:

- 11 1) GSP had an active and significant role in the formation of HHLS, a joint venture
12 between GSP and a law firm, and GSP provided most or all operational services
13 for HHLS at start-up. *See* 11 C.F.R. §§ 100.5(g)(4)(ii)(I) and 110.3(a)(3)(ii)(I).
14
- 15 2) GSP had the authority to participate in the governance of HHLS. The operating
16 agreement of HHLS gave GSP 50% ownership of the company and the Houston
17 Harbaugh law firm 50% ownership. Each owner appointed two members to the
18 board of managers, who had equal votes in the management of HHLS. *See*
19 11 C.F.R. §§ 100.5(g)(4)(ii)(B) and 110.3(a)(3)(ii)(B).
20
- 21 3) GSP and HHLS had common or overlapping officers and employees that were
22 both simultaneously and subsequently affiliated with both entities. Kuklis and
23 Dick were simultaneously principals of GSP and on the board of managers at
24 HHLS, and Kuklis ran the day-to-day operations of HHLS at the company’s start-
25 up. Shawn Good was an employee of HHLS before moving to GSP, and Kate
26 Wayman was a GSP employee before moving to HHLS. *See* 11 C.F.R.
27 §§ 100.5(g)(4)(ii)(E) and 110.3(a)(3)(ii)(E).
28
- 29 4) GSP provided in-kind funding to HHLS through the work of its employees and
30 operational contributions. *See* 11 C.F.R. §§ 100.5(g)(4)(ii)(G) and
31 110.3(a)(3)(ii)(G).
32

33 Neither GSP PAC nor HHLS PAC disclosed their affiliation on their statements of
34 organization or by filing amended statements of organization.

1 12. Affiliated SSFs are subject to a single joint contribution limit. 2 U.S.C.
2 § 441a(a)(5); 11 C.F.R. §§ 100.5(g)(3); 110.3(a)(1). Because neither PAC had qualified as a
3 multi-candidate PAC, each was limited to contributing \$2,100 rather than the \$5,000 permitted to
4 multi-candidate PACs. As a result, the two PACs together were limited to contributing a
5 combined total of \$4,200 rather than the \$10,000 that two affiliated multi-candidate PACs could
6 have contributed to a Senate candidate for the 2006 primary and general elections. GSP PAC
7 contributed a total of \$4,100 to Santorum 2006, and HHLS PAC contributed a total of \$1,500 to
8 Santorum 2006. The combined GSP PAC and HHLS PAC contribution to Santorum 2006
9 totaled \$5,600, which because of their affiliation was \$1,400 over the limit. 2 U.S.C.
10 §§ 441a(a)(1)(A), 441a(c). The excessive contribution has been refunded.

11 13. In 2005, John Dick, Joseph Kuklis, and Charles Hammel contributed
12 \$14,000, \$11,800, and \$15,000, respectively, to GSP PAC. On January 3, 2005, Mr.
13 Dick and Mr. Kuklis each contributed \$1,500 to HHLS PAC, an entity affiliated with
14 GSP PAC. Accordingly, Mr. Dick exceeded the \$5,000 contribution limit by \$10,500,
15 Mr. Kuklis by \$8,300, and Mr. Hammel by \$10,000. GSP PAC has refunded the
16 excessive amounts.

17 14. Respondents contend the following:

18 A. On April 16, 2005, GSP, on the advice of its accountant,
19 changed banks and, in the process, merged the bank account of GSP PAC with that of its
20 state political action committee (the "state PAC"). There are no restrictions on individual
21 contributions to Pennsylvania state political action committees or soliciting contributions
22 from potential donors. 25 Pa. Stat. Ann. § 3241 *et seq.* Respondents were unaware of
23 federal laws prohibiting the comingling of state and federal funds and mistakenly

1 believed that solicitations by, and contributions to, GSP PAC in connection with
2 Pennsylvania state races were still subject to Pennsylvania law rather than the more
3 restrictive requirements of 2 U.S.C. §§ 441a(a)(1)(C), 441a(f), and 441b(b)(4)(A)(i).
4 From April 16, 2005 through January 16, 2006, the single account was used until GSP
5 PAC's assistant treasurer discovered excessive contributions by Mr. Kuklis, Mr. Dick and
6 Mr. Hammel, which arose from the use of a single bank account, while preparing the
7 2005 Year-End Report. These excessive contributions were disclosed in GSP PAC's 2005
8 Year-End Report. As funds became available, GSP PAC issued refund checks in the
9 amounts of the excessive contributions to Mr. Dick, Mr. Kuklis and Mr. Hammel before
10 the complaint was filed. GSP PAC also re-registered the state PAC with the Pennsylvania
11 Secretary of State and, on January 27, 2006, GSP PAC and the state PAC reopened
12 separate federal and state bank accounts.

13 B. In March 2006, GSP PAC personnel were alerted by a reporter
14 that GSP PAC had apparently violated 2 U.S.C. 441b(b)(4)(A)(i) by soliciting a
15 contribution to GSP PAC from Mr. Hammel, who was not a member of GSP's restricted
16 class. On March 2, 2006, GSP PAC issued a refund check to Mr. Hammel for the
17 remaining amount, which was below the excessive contribution level, making for a full
18 refund of Mr. Hammel's contribution.

19 C. Respondents contend they intended the Murphy fundraiser to
20 be sponsored by GSP PAC, and did not intend to engage in corporate facilitation.
21 However, because the internal communications and invitations did not make this
22 intention as clear as it should have been, and for the purposes of settlement only,
23 Respondents agree to Paragraph V.2.

1 V. 1. GSP Consulting Corporation solicited contributions outside of its
2 restricted class, in violation of 2 U.S.C. § 441b(b). GSP Consulting Corporation will
3 cease and desist from violating 2 U.S.C. § 441b(b).

4 2. Respondents will not further dispute the Commission's conclusion that
5 GSP facilitated corporate contributions and that GSP Consulting Corporation facilitated
6 corporate contributions by soliciting earmarked contributions that were collected and
7 forwarded by GSP Consulting Corporation PAC, in violation of 2 U.S.C. § 441b(a).
8 Joseph Kuklis consented to the corporate facilitation of corporate contributions, in
9 violation of 2 U.S.C. § 441b(a). GSP Consulting Corporation and Joseph Kuklis will
10 cease and desist from violating 2 U.S.C. § 441b(a).

11 3. GSP Consulting Corporation PAC and Aaron Grau, in his official
12 capacity as treasurer, failed to report its affiliation with Houston Harbaugh Legislative
13 Services PAC and Gregory Harbaugh, in his official capacity as treasurer, in violation of
14 2 U.S.C. § 433(b)(2). GSP Consulting Corporation PAC and Aaron Grau, in his official
15 capacity as treasurer, will cease and desist from violating 2 U.S.C. § 433(b)(2).

16 4. John Dick, Joseph Kuklis and Charles Hammel made excessive
17 contributions, in violation of 2 U.S.C. § 441a(a)(1)(C), and GSP Consulting Corporation
18 PAC and Aaron Grau, in his official capacity as treasurer, knowingly accepted excessive
19 contributions, in violation 2 U.S.C. § 441a(f). John Dick, Joseph Kuklis and Charles
20 Hammel will cease and desist from violating 2 U.S.C. § 441a(a)(1)(C), and GSP
21 Consulting Corporation PAC and Aaron Grau, in his official capacity as treasurer, will
22 cease and desist from violating 2 U.S.C. § 441a(f).

1 VI Respondents will pay a civil penalty to the Federal Election Commission
2 in the amount of Twenty Six Thousand Dollars (\$26,000), pursuant to 2 U.S.C.
3 § 437g(a)(5)(A).

4 VII. The Commission, on request of anyone filing a complaint under 2 U.S.C.
5 § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review
6 compliance with this agreement. If the Commission believes that this agreement or any
7 requirement thereof has been violated, it may institute a civil action for relief in the
8 United States District Court for the District of Columbia.

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


11 IX. Respondents shall have no more than 30 days from the date this agreement
12 becomes effective to comply with and implement the requirement contained in this
13 agreement and to so notify the Commission.

1 X. This Conciliation Agreement constitutes the entire agreement between the
2 parties on the matters raised herein, and no other statement, promise, or agreement, either
3 written or oral, made by either party or by agents of either party, that is not contained in
4 this written agreement shall be enforceable.

5 FOR THE COMMISSION:

6 Thomasenia P. Duncan
7 General Counsel

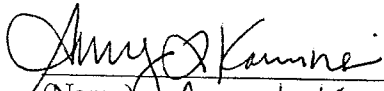
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11 BY: 
12 Ann Marie Terzaken
13 Associate General Counsel
14 For Enforcement

4/1/09
Date

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16 FOR THE RESPONDENTS:

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19 
20 (Name) Amy L. Kaminski
21 (Position) Principal & CFO

2/10/09
Date