

FEDERAL ELECTION COMMISSION

In the matter of: GSP Consulting Corporation
GSP Consulting Corp. PAC
Houston Harbaugh Legislative Services Political Action Committee
John Dick
Charles Hammel
Joseph Kuklis
Sean McDonald

MUR No: _____

COMPLAINT

1. Citizens for Responsibility and Ethics in Washington brings this complaint before the Federal Election Commission (“Commission”) seeking an immediate investigation and enforcement action against GSP Consulting Corporation, GSP Consulting Corp. PAC, Houston Harbaugh Legislative Services Political Action Committee, John Dick, Charles Hammel, Joseph Kuklis and Sean McDonald for direct and serious violations of the Federal Election Campaign Act (“FECA”).

Complainant

2. Citizens for Responsibility and Ethics in Washington is a non-profit organization dedicated to ensuring accountability in public officials and compliance with federal laws.

Respondents

3. GSP Consulting Corporation (“GSP”) is a lobbying firm located in Pittsburgh, Pennsylvania.

4. GSP Consulting Corp. PAC (“GSP-PAC”) is separate segregated fund of GSP and a political committee as defined by FECA. 2 U.S.C. § 431(4). Houston Harbaugh Legislative Services Political Action Committee (“HHLS-PAC”) was a

political committee as defined by FECA during the period at issue in this complaint, since having been disbanded.

5. Joseph Kuklis is an owner of GSP.
6. John Dick is an owner of GSP and Treasurer of GSP-PAC.
7. Charles Hammel is the President of Pitt Ohio, a client of GSP.
8. Sean McDonald is the CEO of Precision Technologies, a client of GSP.

Factual Allegations

9. GSP was formed in 2001 by Joseph Kuklis, and John Dick, two former senior staffers of Senator Rick Santorum (R-PA). Tory Newmyer, Lobbying firm broke PAC rules, *Roll Call*, May 3, 2006 (attached as Exhibit 1).

10. GSP formed GSP-PAC in 2002. GSP-PAC, FEC Form 1 (attached as Exhibit 2).

11. Houston Harbaugh Legislative Services (“HHLS”) was formed in 2002 as a joint venture of GSP and the law firm Houston Harbaugh, P.C.. Patty Tascarella, GSP Consulting buys Houston Harbaugh's lobbying arm, *Pittsburgh Business Times*, August 15, 2005 (attached as Exhibit 3) and HHLS LLC filing (attached as Exhibit 4). HHLS formed HHLS-PAC in 2004. HHLS-PAC, FEC Form 1 (attached as Exhibit 5).

12. Despite the fact that HHLS was partially owned by GSP, neither GSP-PAC nor HHLS-PAC reported their affiliation in any FEC filing from 2004 to the present. See Exhibits 2 and 5.

13. GSP reportedly acquired HHLS in August 2005. See Exhibit 3. The Pennsylvania Secretary of State’s Corporations Bureau has no record of this transaction. HHLS LLC filings (attached as Exhibit 6).

14. In 2005, GSP-PAC received excessive contributions from the following individuals:

Joseph Kuklis – \$11,800
John Dick – \$14,000
Charles Hammel – \$15,000

GSP-PAC Form 3x, January 23, 2006, at 6 (attached as Exhibit 7).

15. In 2005, HHLS-PAC received contributions from Joseph Kuklis in the amount of \$1,500 and John Dick in the amount of \$1,500. HHLS Form 3x, August 2, 2005, at 6-7 (attached as Exhibit 8).

16. For the 2006 election, HHLS-PAC has made a total of \$1,500 in contributions to Santorum 2006, the candidate committee for Senator Rick Santorum. Id. at 9.

17. For the 2006 elections, GSP-PAC has made a total of \$4,000 in contributions to Santorum 2006. GSP-PAC Form 3x, July 29, 2005, at 10 (attached as Exhibit 9), GSP-PAC Form 3x, April 12, 2004, at 12 (attached as Exhibit 10), and GSP-PAC Form 3x, July 14, 2003, at 10 (attached as Exhibit 11).

18. The contributions of GSP-PAC and HHLS-PAC to Santorum 2006 total \$5,600. Two of GSP-PAC's contributions totaling \$2,100 were designated for the general election. Id. All other contributions made by GSP-PAC and HHLS-PAC apply to the primary election, either by designation or because the primary was the next election Sen. Santorum faced. See Exhibits 9-11. By designating the contributions in this manner, the affiliated committees did not violate the combined contribution limit. 2 U.S.C. § 441a(a)(1)(C) and 11 C.F.R. § 110.1(d).

19. GSP provided lobbying services for Precision Technologies, Pittsburgh Airport Area Chamber of Commerce, and YMCA of Pittsburgh in 2004. See 2004 GSP Lobbying Reports for Precision Technologies, Pittsburgh Airport Area Chamber of Commerce, and YMCA of Pittsburgh (attached as Exhibit 12). The following contributions were earmarked to federal candidates through GSP-PAC in 2004:

Sean McDonald, CEO of Precision Technologies - \$2,250 (\$2000 to Santorum 2006 and \$250 to Rep. Mike Doyle)
Pittsburgh Airport Area Chamber of Commerce - \$700 (Rep. Murphy)
James Cimino, Director of Technology, YMCA of Pittsburgh - \$250 (Rep. Murphy)

GSP-PAC Form 3x, October 12, 2004 (attached as Exhibit 13).

20. Sean McDonald also contributed \$2,000 directly to Santorum 2006 on August 4, 2004, but listed his occupation as “self employed,” rather than CEO of Precision Technologies in the disclosure report. Santorum 2006 FEC Form 3, October 15, 2004, at 91 (attached as Exhibit 14).

21. Although GSP reportedly acquired HHLS in August 2005, GSP maintained both GSP-PAC and HHLS-PAC without notifying the Commission of the acquisition or the affiliation between the two political committees. See Exhibit 3.

22. On August 12, 2005, HHLS-PAC made a \$100 contribution to GSP-PAC. HHLS-PAC Form 3x, March 2, 2006, at 6 (attached as Exhibit 15). It is unknown whether the contribution was made prior to GSP’s acquisition of HHLS because the acquisition has never been filed with the Pennsylvania Department of State’s Corporation Bureau, as required by state law. See Exhibits 4, 6 and 15.

23. HHLS-PAC filed late year-end reporting for 2005 and gave the FEC notice of termination on March 2, 2006. Exhibit 15 at 1.

COUNT I

24. In 2005, the maximum legal contribution from an individual to a federally registered political committee like GSP-PAC was \$5,000. 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(d). A contribution to a political committee that exceeds \$5,000 constitutes an illegal contribution. See 2 U.S.C. § 441a(f).

25. In 2005, Charles Hammel contributed \$15,000 to GSP-PAC. This \$10,000 excessive contribution violated 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(d).

26. Because GSP-PAC accepted \$15,000 from Charles Hammel, it accepted a \$10,000 excessive contribution in violation of 2 U.S.C. § 441a(f), which prohibits political committees from accepting contributions from individuals over the limits proscribed in FECA. See Exhibit 7.

27. In 2005, John Dick contributed \$14,000 to GSP-PAC. This \$9,000 excessive contribution violated 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(d).

28. Because GSP-PAC accepted \$14,000 from John Dick, it accepted a \$9,000 excessive contribution in violation of 2 U.S.C. § 441a(f), which prohibits political committees from accepting contributions from individuals over the limits proscribed in FECA. See Exhibit 7.

29. In 2005, Joseph Kuklis contributed \$11,800 to GSP-PAC. This \$6,800 excessive contribution violated 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(d).

30. Because GSP-PAC accepted \$11,800 from John Dick, it accepted a \$6,800 excessive contribution in violation of 2 U.S.C. § 441a(f), which prohibits political

committees from accepting contributions from individuals over the limits proscribed in FECA. See Exhibit 7.

COUNT II

31. Political committees that are separate segregated funds of corporate entities may only solicit contributions from stockholders, executives of the corporation, the families of stockholders, and the families of corporate executives (the corporation's "restricted class"). See 11 C.F.R. § 114.5(g)(1). Soliciting outside of the restricted class is a violation of FECA. Id.

32. Charles Hammel's company, Pitt Ohio, was a client of GSP. Mr. Hammel was not a stockholder of GSP, nor an executive of GSP. Mr. Hammel was not a family member of any GSP stockholder or executive of GSP. He was, therefore, not a member of GSP's restricted class. See 11 C.F.R. § 114.5(g)(1).

33. To the extent that Charles Hammel's \$15,000 contribution was solicited by GSP-PAC, this would violate the prohibition on solicitations outside of a corporate segregated fund's restricted class. See 11 C.F.R. § 114.5(g)(1).

COUNT III

34. HHLS was a joint venture of GSP and Houston Harbaugh, P.C. Since GSP had an ownership interest in HHLS, GSP-PAC and HHLS-PAC were required by law to report their affiliation to the Commission upon filing of HHLS-PAC's statement of organization on December 15, 2004. HHLS-PAC and GSP-PAC failed to disclose their affiliation, in violation of 2 U.S.C. § 441a(a)(5) and 11 C.F.R. § 102.2(b).

35. GSP acquired HHLS in August 2004, according to GSP principal Joseph Kuklis, as reported in the Pittsburgh Business Times. See Exhibit 3. From the time GSP

acquired HHLS until HHLS-PAC's termination in March 2005, GSP directly operated two federally registered political committees, but failed to report the affiliation to the Commission. By failing to disclose this affiliation, GSP violated 2 U.S.C. § 441a(a)(5) and 11 C.F.R. § 102.2(b).

36. GSP-PAC and HHLS-PAC failed to report their combined contributions under a single contribution limit, in violation of 11 C.F.R. § 110.3(a).

37. In the alternative, if the Commission finds that GSP-PAC and HHLS-PAC were not affiliated, to the extent HHLS-PAC solicited contributions outside its restricted class, it violated 11 C.F.R. § 114.5(g)(1).

38. There is no public record that indicates John Dick or Joseph Kuklis were stockholders or executives of HHLS. Neither is there any record that Mr. Dick or Mr. Kuklis were family members of any HHLS stockholder or executive. Therefore, they are not members of HHLS's restricted class. See 11 C.F.R. § 114.5(g)(1).

39. To the extent that John Dick's \$1,500 contribution was solicited by HHLS-PAC, this would violate the prohibition on solicitations outside of a corporate segregated fund's restricted class. 11 C.F.R. § 114.5(g)(1).

40. To the extent that Joseph Kuklis's \$1,500 contribution was solicited by HHLS-PAC, this would violate the prohibition on solicitations outside of a corporate segregated fund's restricted class. 11 C.F.R. § 114.5(g)(1).

COUNT IV

41. In 2004, the maximum legal contribution from an individual to a federally candidate committee was \$2,000. 2 U.S.C. § 441a(a)(1)(C); 11 C.F.R. § 110.1(d).

42. On July 7, 2004, Sean McDonald earmarked \$2,000 through GSP-PAC to Santorum 2006. See Exhibit 13 at 9. Mr. McDonald did not designate the contribution, therefore it is applied to the next election for Sen. Santorum, his primary. On August 4, 2004, Mr. McDonald made a \$2,000 direct contribution to Santorum 2006 that was specifically designated for the primary. See Exhibit 14 at 91. The August 4, 2004 transaction was a \$2,000 excessive contribution, in violation of 2 U.S.C. § 441a(a)(1)(C) and 11 C.F.R. § 110.1(d).

COUNT V

43. In 2004, GSP-PAC received earmarked contributions to federal candidates from Sean McDonald, Pittsburgh Airport Area Chamber of Commerce and James Cimino. See Exhibit 13.

44. GSP served as the lobbyist for Mr. McDonald's company, Precision Therapeutics, the Pittsburgh Airport Area Chamber of Commerce, and Mr. Cimino's organization, YMCA of Pittsburgh. See Exhibit 12.

45. John Dick stated in a newspaper interview that he suggests GSP clients should contribute money to federal candidates. Carrie Budoff, From staff to lobbyist: The ties that bind, *The Philadelphia Inquirer*, April 17, 2006 (attached as Exhibit 16). Mr. Dick, when asked if he suggests to his clients that they make contributions to federal candidates, was quoted to say, "Sure, it is an unfortunately big part of it... . It is definitely in our interest to support candidates that care about our projects and issues." Id.

46. Using corporate resources to facilitate contributions to federal candidates, is a violation of 11 C.F.R. § 114.2(f). Soliciting contributions that are earmarked for a

candidate through the corporation's separate segregated fund is a violation of 11 C.F.R. § 114.2(f)(2)(iii).

47. To the extent that GSP illegally facilitated the making of earmarked contributions to federal candidates through GSP-PAC, GSP violated 11 C.F.R. § 114.2(f).

48. The Commission has previously found violations of 11 C.F.R. § 114.2(f) when corporate personnel and resources are used to facilitate the making of earmarked contributions to targeted federal candidates. See Conciliation Agreement, In the Matter of Westar Energy, Inc., MUR 5573 (May 12, 2005).

WHEREFORE, Citizens for Responsibility and Ethics in Washington requests that the Federal Election Commission conduct an investigation into these allegations, declare the respondents to have violated federal campaign finance laws, impose sanctions appropriate to these violations and take such further action, including but not limited to an audit of GSP-PAC and HHLS-PAC, as may be appropriate.

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Verification

Citizens for Responsibility and Ethics in Washington, acting through Tim Mooney, hereby verifies that the statements made in the attached Complaint are, upon information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

Tim Mooney

Sworn to and subscribed before me this 16th day of May, 2006.

Notary Public