

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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SENATOR MITCH McCONNELL, <i>et al.</i> ,)	
	Plaintiffs,)	
v.)	Civ. No. 02-582 (CKK, KLH, R JL)
FEDERAL ELECTION COMMISSION,)	
<i>et al.</i> ,	Defendants.)	
_____)	
REPUBLICAN NATIONAL COMMITTEE,)	
<i>et al.</i> ,	Plaintiffs,)	
v.)	Civ. No. 02-874 (CKK, KLH, R JL)
FEDERAL ELECTION COMMISSION,)	All consolidated cases.
<i>et al.</i> ,	Defendants.)	
_____)	

DECLARATION OF BEVERLY ANN SHEA

I, Beverly Ann Shea, hereby swear and depose as follows, based on my own personal knowledge:

1. I am the Finance Director for the Republican National Committee ("RNC"). I submit this Declaration to discuss: (a) the RNC's federal and non-federal fundraising programs and donors; (b) the RNC's fundraising and direct financial assistance to state parties; (c) the financial impact of the Bipartisan Campaign Reform Act ("BCRA") on state parties and the RNC; and (d) the faulty supposition that the RNC provides its major donors with improper access to federal officeholders.

Education and Background in Political Fundraising

2. I have 21 years of experience in professional political fundraising and finance, through positions with the RNC, state political parties, and campaigns for elected office. This experience is summarized in my biographical statement. See RNC Exhibit 2263, attached as Attachment 1 hereto. From February 2001 to the present, I have served as Finance Director for the RNC. Previously, from March 1997 to December 2000, I was Deputy Finance Director for the RNC. In the two month interim period between these positions, I was Chief Deputy and Director of Special Services for the 54th Presidential Inaugural for President George W. Bush.

3. Before March 1997, I had a variety of political fundraising positions. From April 1993 until March 1997, I was President of Shea Consulting. In that position, I served as a fundraising consultant to the campaigns of many candidates for federal and state elected office. For various time periods between June 1981 and April 1993, among other positions, I was: (a) Regional Field Finance Director for the RNC; (b) Finance Director to the Republican Parties of New Mexico and Wisconsin; (c) Campaign Manager for congressional candidate Michael Brown; and (d) National Finance Director to the Bush-Quayle '92 Primary Committee.

4. I received a Bachelor of Science degree in Journalism from West Virginia University in 1980.

General Description of the RNC's Finance Division

5. The Finance Division is responsible for all fundraising activities of the RNC. The Division is led by the Finance Director, who is chosen by the RNC's Finance Chairman, the Chairman of the RNC, or both. An organizational chart for the Finance Division is RNC Exhibit 2424, and is attached as Attachment 2 hereto.

6. The Finance Division is organized into two marketing disciplines: (a) major donor programs, which are those involving contributions of \$1,000 and up; and (b) direct marketing, which mostly involves small donations but also can include the RNC's \$1,000 and \$5,000 donor programs. From 1997 to 2001, the Finance Division had a full-time staff of 40 to 45 employees, not including the RNC's in-house telephone solicitation center.

7. In 2000, the Finance Division raised a total of \$252,790,600. See RNC Exhibit 2429, attached as Attachment 3 hereto. Of this amount, \$146,929,900 was raised through the RNC's "major donor" programs as described below, and \$105,860,700 was raised through direct marketing, which consists of direct mail, telemarketing, and electronic commerce solicitations through email and the internet. Id. This overweighting of major donations is unique to presidential election years. In all other years, direct marketing typically accounts for 60-65% of the RNC's gross income. This return to the norm was borne out in 2001. In that year, the Finance Division raised a total of \$82,027,300. Of this amount, \$25,909,700 was raised through major donor programs, and \$56,117,600 was raised through direct marketing. See id.

8. In 2000, federal money accounted for 60% of the total raised by the RNC, and the remaining 40% was non-federal money. See RNC Exhibit 535, attached as Attachment 4 hereto. In 2001, the RNC's total funds raised consisted of 78% federal money and 22% non-federal money.

9. The RNC's active donor base in calendar year 2000 was 1,030,666 donors, of whom 435,908 were new first-time contributors. See RNC Exhibit 2430, attached as Attachment 5 hereto. The RNC's donors in 2000 gave 2,470,093 separate donations during the year. Id. The average contribution to the RNC in 2000 was \$102.34. Id. The RNC's active donor base in calendar year 2001 was 794,682 donors, of whom 219,135 were new first-time

contributors. Id. The RNC's donors in 2001 gave 1,437,370 separate donations during the year.

Id. In 2001, the average contribution to the RNC was \$57.07. Id.

The RNC's Donor Programs

10. The Federal Election Campaign Act of 1971, as amended, allows individuals to contribute up to \$20,000 per year to the RNC, and limits to \$25,000 an individual's total annual federal contributions to all recipients. Federal law allows multi-candidate political committees ("PACs") to contribute up to \$15,000 annually to the RNC. These federal contributions are deposited into the RNC's federal accounts.

11. I understand that the BCRA will increase to \$25,000 the annual limit on an individual's federal contributions to political parties such as the RNC, and will increase to \$57,500 the aggregate limit on an individual's total federal contributions. The new federal limit regarding political party contributions will not produce much additional fundraising revenue for the RNC because it will affect, at most, only those 145 donors who presently contribute the current \$20,000 federal limit, and perhaps other donors who contribute the \$25,000 annual aggregate limit for federal money. Moreover, it is unclear how many, if any, of these donors will increase their contributions to the RNC as a result of the increased political party and aggregate limits.

12. The RNC also receives donations from sources that may not contribute to federal campaign activity, and also receives donations in amounts above the federal contribution limits. Donations from individuals above the federal limits, as well as donations from corporations, labor unions, and other sources that may not make federal contributions, are deposited into non-federal accounts. Of the non-federal funds donated to the RNC in calendar year 2000, for example, 58% were from individuals and 42% were from corporations and PACs.

The RNC's non-federal accounts are maintained within the Republican National State Elections Committee ("RNSEC"). The BCRA will prohibit the RNC from raising, spending, transferring, or directing any non-federal money.

13. In 2000, the RNC voluntarily instituted a limit on the amount of non-federal money it would accept from a single individual or corporate donor during a given year. That limit was \$250,000. On a handful of occasions in 2000, a donor offered a donation in excess of this voluntary limit and the RNC refunded the excess money. An internal RNC memorandum about one such refund is RNC Exhibit 636, attached as Attachment 6 hereto. Additional refunds of sums contributed above \$250,000 in calendar year 2000 were made to The Kohler Company, Philip Morris Company, Mr. Sam Fox, and Mr. Michael Armstrong. Incidental fees paid by \$250,000 donors for attendance at the Republican National Convention or similar events were not refunded.

14. The RNC raises federal and non-federal money through a variety of donor programs, as follows:

a. The "Sustaining Member" program seeks individual contributions of at least \$25 per year to the RNC. Sustaining Members receive a subscription to the RNC magazine Rising Tide, access to a toll-free Members' Hotline and a members-only internet website, membership commemorative materials, access to the RNC "Museum," and members-only events hosted by the RNC's internet website, www.RNC.org. See RNC Exhibit 35a, attached as Attachment 7 hereto. In 2000, the RNC had 1,002,309 Sustaining Members and other donors who contributed less than \$1,000 apiece, for a total of \$ 95.65 million to the RNC, \$94 million of which was federal money and \$1.65 million of which was non-federal.

b. The "President's Club" is a fundraising program designed for contributions of \$1,000 per person or \$2,000 per couple, per year, to the RNC. Members of the President's Club are invited to an annual National Meeting featuring federal officeholders, and receive a special members-only newsletter and membership commemorative materials. See RNC Exhibit 35b, attached as Attachment 8 hereto. In 2000, the RNC had an active base of 5,232 President's Club members who contributed a total of \$10.1 million to the RNC, \$8 million of which was federal and \$2.1 million of which was non-federal. See Attachment 4 hereto.

c. The "Chairman's Advisory Board" program requires an annual contribution of \$5,000 per year in federal or non-federal money to the RNC or RNSEC. Members of the Chairman's Advisory Board are invited to two meetings held annually that are attended by party leaders. See RNC Exhibit 35c, attached as Attachment 9 hereto. In 2000, the RNC had an active base of 1,440 Chairman's Advisory Board members who contributed a total of \$10.8 million to the RNC, \$8.1 million of which was federal and \$2.7 million of which was non-federal. See Attachment 4 hereto.

d. The "Eagles" program is the RNC's oldest "major donor" program. It requires members to contribute either \$15,000 in federal money or \$20,000 in non-federal money to the RNC or RNSEC each year. Again, Eagles are invited to many RNC events, including some that feature party leaders. See RNC Exhibit 35d, attached as Attachment 10 hereto. In 2000, the RNC had 1,449 members of the Eagles program who contributed a total of \$30.7 million to the RNC, \$20.3 million of which was federal and \$10.4 million of which was non-federal. See Attachment 4 hereto.

e. The "Majority Fund" is directed at PACs that donate \$15,000 per year in federal or non-federal money to the RNC or RNSEC. Members of the Majority Fund are

invited to numerous RNC events, including some events specially designed for members of that group, and some of which feature party leaders. The RNC raises relatively little federal money from PACs, however, because PACs typically use their federal dollars to contribute to candidates. See RNC Exhibit 35e, attached as Attachment 11 hereto. In 2000, the RNC had 120 Majority Fund members that contributed a total of \$2.4 million to the RNC, \$400,000 of which was federal and \$2 million of which was non-federal. See Attachment 4 hereto.

f. "Team 100" members donate \$100,000 upon joining, and \$25,000 in each of the three subsequent years, to the RNC or RNSEC. These donations typically include a mix of federal and non-federal money. Team 100 members are invited to many RNC events, some of which feature party leaders. See RNC Exhibit 35f, attached as Attachment 12 hereto. In 2000, the RNC had 614 active Team 100 members who contributed a total of \$49.6 million to the RNC, \$5.4 million of which was federal and \$44.2 million of which was non-federal. See Attachment 4 hereto.

g. The "Regents" program asks the donor to give an aggregate amount of \$250,000 to the RNC or RNSEC per each two-year election cycle. Regents members are invited to all events sponsored by the RNC. In 2000, the RNC had 180 active Regents who contributed a total of \$34 million to the RNC, \$1.5 million of which was federal and \$32.5 million of which was non-federal. See Attachment 4 hereto.

15. In addition, the RNC establishes a special "Presidential Trust" program every four years to help raise the funds the RNC is permitted to spend directly on behalf of the Republican nominee for President of the United States, with certain amounts spent on behalf of other candidates for federal office as well. The programs asks the donor to contribute \$20,000 in solely federal money, and no portion of the contribution is shared with state parties.

Participation entitles the donor to a one-year membership in the Eagles or Majority Fund program.

16. To ensure strict compliance with federal laws regulating contributions to political party committees, the RNC provides current and prospective major donors with a set of Contribution Guidelines. The Guidelines explain the federal and non-federal RNC accounts and the extent to which contributions may be directed to one, or a combination, of these accounts. RNC Guidelines for the Regents, Team 100, and Majority Fund programs are RNC Exhibits 2155, 2071, and 2097, respectively, and are attached as Attachments 13-15 hereto.

17. I understand that some persons who are unfamiliar with the RNC's fundraising methods believe that Members of Congress regularly solicit donations to RNC major donor programs through telephone calls or personal meetings. Although it is true that Members of Congress occasionally sign fundraising letters for the RNC, it is exceedingly rare for them to solicit funds through telephone calls or personal meetings. As a matter of RNC policy, telephone and personal fundraising contacts for major donor programs are initiated by RNC Chairman Marc Racicot, Co-Chairman Ann Wagner, Deputy Chairman Jack Oliver, National Finance Chair Lew Eisenberg, and myself, not Members of Congress.

18. Contributions toward the Sustaining Member, President's Club, and Chairman's Advisory Board programs consist of federal dollars. So do many of the contributions to the Majority Fund and Eagles programs. Further, many (if not most) members of the Team 100 and Regents programs fulfill their obligations with a combination of federal and non-federal dollars. Indeed, contrary to popular misimpression, the RNC's major donor programs (\$1,000 and up) are a significant source of federal money. In 2000, for example, the funds raised through these programs were 32% federal money and 68% non-federal money.

Financial Impact of the BCRA on the RNC

19. Based on my personal experience in the RNC Finance Division, I calculate that the BCRA will cause the RNC to lose revenues of approximately \$48.5 million per non-presidential election year, and \$125 million per presidential election year. These losses will be caused almost entirely by the BCRA's prohibitions on the solicitation or raising of non-federal funds by national political parties. My experience demonstrates to me, contrary to the supposition of uninformed observers, that the RNC will not be able to recoup these lost non-federal revenues merely because the BCRA has increased the limits on contributions of federal money. As noted above, the new federal limit regarding political party contributions will affect only those 145 donors who presently contribute the current \$20,000 federal limit, and those who have made aggregate federal contributions of \$25,000. Moreover, it is unlikely that the RNC will be able to raise more federal money from lower-dollar contributors than it currently does, for the following reasons.

20. The RNC solicits participation in its donor programs through several methods: (a) soliciting donors to become first-time members in a major donor program; (b) soliciting existing major donors to renew their commitments; and (c) soliciting existing major donors to "upgrade" from lower dollar level programs to higher dollar level programs.

21. The amount of federal money the RNC is able to raise through its major donor programs, in particular, is limited by demographic, economic, and political constraints. For example, most individuals, corporations, and PACs participate in the RNC's major donor programs because the individuals or individual decisionmakers at corporations and PACs are philosophically compatible with the positions of the Republican Party. The number of such individuals who possess the financial resources to participate personally in the RNC's major

donor programs -- or who are in a position to direct corporate or PAC participation in those programs -- is a very small fraction of the roughly 4.5 million individuals that comprise the RNC's base of potential donors at all levels. As noted above, although the RNC had a total of 1,030,666 donors in calendar year 2000, only 180 were Regents, 614 were Team 100 members, and 120 were Majority Fund participants. Also, the RNC's perceived political successes and failures affect the quantity and intensity of participation in the major donor programs. Finally, economic factors constrain the number of individuals, corporations, and PACs that participate in the RNC's major donor programs and the degree to which they participate.

22. There is a limit to the number of solicitations of new major donors that the RNC can profitably make. The farther from the RNC's base of likely donors that the RNC prospects for new participants in its major donor programs, the lower its yield. Also, there is a limit to the number of attempts that the RNC can reasonably make to renew or upgrade existing major donors to higher dollar level programs. Most major donors decide whether to renew their participations or upgrade to a higher level on an annual basis. Thus, there is usually only one time during the year for each major donor that the RNC can profitably solicit an existing major donor to renew or upgrade his or her participation. Repeated solicitations to the same major donor risk alienating that donor and limiting the amount of money that the RNC may receive from the donor in the future.

The Motivation of Non-Federal Donors to the RNC

23. In my experience, donors of non-federal money are motivated by the same desires as donors of federal money. I believe there are three basic reasons why individuals and entities donate money to a political party, and the RNC appeals to these motivations in its fundraising activities.

24. First, both federal and non-federal donors tend to be strong and loyal supporters of the party. From my discussions and observations over the years, I can safely state that donors to the RNC believe in the Republican Party philosophy of low taxes, limited federal government, strong defense, and high ethical standards for public officials. From the lowest level donors to the highest level, they share a common interest in politics and good government. Donor belief in the philosophy of the Republican Party is confirmed by their loyalty; for the most part, non-federal donors give money to the RNC regardless of the issues then pending before Congress or the Executive Branch.

25. The second reason that individuals join the RNC's major gift programs is that they enjoy being involved in RNC events, which often include speeches and presentations by prominent policymakers and commentators. The RNC expends much effort and money planning and holding receptions, dinners, retreats, and seminars for both federal contributors and non-federal donors. During the 1998 election cycle, the RNC spent \$10.2 million planning, organizing, and staging major donor events. During the 2000 cycle, the RNC spent \$18.5 million, and thus far for the 2002 cycle the RNC has spent \$7.5 million. If the RNC did not believe donors were motivated by the opportunity to attend events, it would not expend so much money on them.

26. Although RNC events often "feature" party leaders, these leaders are not exclusively current federal officeholders. For example, this category very frequently includes the RNC Finance Chairman and Political Director, who provide insights on the current political climate. Party leaders also include former Cabinet officials from prior Republican Administrations. At one well-attended Team 100 event in 1998, for example, former Cabinet Secretaries Brent Scowcroft and Elizabeth Dole were featured. Other events have featured

National Review writer Kate O'Beime, author P.J. O'Rourke, and other nationally-known political celebrities.

27. *Sitting Members of Congress and Executive Branch officials also are often featured at events for donors, but their roles at these events are commonly misstated by the pro-reform commentators. These officeholders (and candidates for federal office) do not appear at RNC events to solicit either federal or non-federal donations. Rather, they appear to speak on political or policy topics, and the substance of these comments does not differ from comments they frequently make on television or on the House or Senate floor. Nor does the content of their comments differ from events attended primarily by federal contributors to events attended primarily by non-federal donors. Question-and-answer sessions at RNC donor events focus on general policy issues and do not provide an opportunity for any individual to advocate a particular position on pending legislation. Attendees at some events sometimes have the opportunity to socialize, or play golf or tennis, with the speakers, but efforts to lobby during these events are frowned upon as exceedingly rude and are quite rare.*

28. *Relatedly, participation in the RNC's major donor programs increases during presidential election years, when the RNC typically has more events, especially those centered around the quadrennial Republican National Convention. Major donors receive special invitations to each Convention, and are also invited to participate in special meetings and social occasions during the Convention proceedings. An example of such an invitation for Team 100 members to attend the 2000 Convention, which was held in Philadelphia from July 31-August 3, 2000, is RNC Exhibit 723 and is attached as Attachment 16 hereto. The Conventions also permit the RNC to host special Gala celebrations in honor of the Republican nominees for President and Vice-President. Attendance at such events is available for donations of \$1,000 per person, and*

thus many attendees contribute only federal money to the RNC. A sample Gala invitation from the 2000 Convention is RNC Exhibit 847, and is attached as Attachment 17 hereto. Based on my personal experience, I conclude that participation in major donor programs increases during presidential election years for two basic reasons: (a) donors enjoy attending the unique events that can be made available only in presidential election years; and (b) donors are excited by the fact that so much more is at stake during presidential election years than in any other years.

29. Similarly, involvement in major donor programs also allows donors to meet and become friends with like-minded people in business and politics. Members of Team 100 and the Eagles, for example, tend to be successful entrepreneurs who have much in common. They enjoy the camaraderie of these social occasions and the non-political business opportunities that these associations with other major donors provide.

30. The third reason that individuals participate in the RNC's major donor programs is that they have a sense of philanthropy that often begins with similar commitments to charitable organizations. Many members of Team 100, for example, are well known for their generosity to charitable causes. Members of RNC major donor programs are comfortable with the notion of giving to causes they support with no expectation of receiving tangible benefits in return.

31. Based upon these and other personal observations, I strongly believe that participants in the RNC's major donor programs do not expect, and do not receive, political favors in exchange for their donations.

**Fundraising Assistance Provided by the RNC
To State and Local Parties and Candidates**

32. A core function of the RNC is to assist state Republican parties in their activities, including fundraising. The RNC provides this assistance in five major ways, all of which appear to be criminalized by the BCRA to the extent they involve non-federal money.

33. First, the RNC transfers and otherwise provides federal and non-federal funds to state parties (and candidates for state office). I understand that the Declaration of Jay Banning addresses this in more detail.

34. State parties quite obviously benefit from RNC transfers, which represent funds that the state parties might not have otherwise obtained through their own efforts. Further, certain state parties rely heavily on RNC non-federal funds for their very existence.

35. Second, the RNC shares its lists of fundraising prospects with state parties. A sample list-sharing agreement with the Massachusetts Republican State Committee for 2002 is RNC Exhibit 1801, attached as Attachment 18 hereto. As this document states in one of its initial clauses, because it is the "principal responsibility of the RNC to promote Republican candidates," and because "a component part of its party-building activities is to develop and identify contributors who share common goals and ideals," the list exchange program is "to the mutual advantage and benefit of the parties" thereto. Id. Indeed, state parties benefit greatly from list-sharing because the RNC's fundraising lists are very comprehensive and detailed, and provide solid prospects for donations that state parties might otherwise be unable to obtain on their own. Additional list-sharing agreements with the Republican Party of Ohio, Wisconsin, Tennessee, Iowa, and Indiana are RNC Exhibits 1195, 933, 1001, 911, and 956, respectively, and are attached as Attachments 19-23 hereto.

36. Third, the RNC co-hosts "tiered" fundraising events with state parties. "Tiered" fundraising events typically involve two or three separate events occurring on a single date at locations in the same vicinity. Typical tiered events will consist of a large low-dollar event for federal donors to candidates in the first tier, a middle-tier "photo op" event with larger donors, and often a separate top-tier dinner for the event Host Committee. Typically, the proceeds of the large first-tier event go to a candidate for state office, the proceeds of the middle-tier "photo op" go to the state party, and the proceeds of the top-tier dinner go to the RNC. So-called "tiered" fundraising events such as these serve to benefit state parties because they are able to increase their fundraising success through direct association with the RNC. In fact, without the RNC holding an event in the same city and on the same date as the state party event, it would likely be logistically and financially impossible for the state party to convince major-drawing surrogates to be the featured guest at their own event. Further, the RNC has a highly professional and experienced fundraising staff, which many state parties do not. Indeed, some state parties have no fundraising employees at all. Therefore, state parties necessarily benefit from the involvement of RNC personnel in tiered fundraising activities, both because RNC fundraising staffers are highly competent and because their involvement supplements the efforts of state party personnel.

37. The RNC also promotes state party events to its donors, in an effort to increase the fundraising ability of state parties. For example, since 1992 the Washington State Republican Party has hosted an annual GOP Picnic, often with the support of the King County Republican Party. Attendance at the Picnic has reached as high as 10,000 participants, and the event attracts elected officials from all levels of government, including members of Washington State's congressional delegation, candidates for Governor in gubernatorial election years, and

state and local representatives. The RNC promotes the GOP Picnic to its major donors from Washington State, as demonstrated by the Team 100 letter that is RNC Exhibits 942 and 1126, attached as Attachment 24 hereto.

38. Fourth, the RNC has a program called "Finance PLUS," which provides financial incentives for state parties develop and improve their fundraising capacity. Through Finance PLUS, the RNC reimburses state parties for the costs they incur in organizing and hosting their own fundraising events. In my experience, Finance PLUS is an effective means for the RNC to encourage and strengthen state party fundraising.

39. Finally, the RNC permits its Regents and Team 100 members to designate (or "return") portions of their non-federal donations to state parties, and sometimes requests that its major donors make additional contributions to state parties that are in urgent need of funds. For example, in 2000, RNC Regents and Team 100 members designated \$10.8 million in non-federal donations to state parties. By way of example, a spreadsheet describing state-by-state Regents transfers in 2000 is RNC Exhibit 663, attached as Attachment 25 hereto. Several letters from Team 100 members, requesting the designation of contributions to state parties in 2000, are RNC Exhibits 881, 1522, and 1524, attached as Attachments 26-28 hereto.

40. Related to direct fundraising for state parties, the RNC also engages in fundraising on behalf of candidates for state and local office. For example, the RNC has sent direct-mail fundraising letters on behalf of Virginia gubernatorial candidate George Allen, New Jersey gubernatorial candidate Bret Schundler, and St. Paul, Minnesota mayoral candidate Norm Coleman. See RNC Exhibits 1162, 292, and 232, respectively, attached as Attachments 29-31 hereto. Donations made in response to these letters were made directly to the candidates themselves, not to the RNC, and the RNC did not track or otherwise record who among the

recipients of the letters actually made contributions. Because contributions to state and local candidates are not federally regulated, the BCRA will prohibit this type of fundraising assistance.

Impact of the BCRA on State Parties

41. Major contributors often donate non-federal funds to the RNC in lieu of state parties. This can be explained by a variety of factors, all of which demonstrate that the RNC has a greater fundraising capacity than state parties do.

a. First, as the official national Republican Party committee, the RNC has a "brand name" and prestige that the state parties, by definition, do not. Prospective donors are much more likely to have heard of the RNC, to consider it accountable and credible, to understand its role in the political process, and to trust that its activities are aligned with the national Republican Party agenda. Further, several state Republican Party organizations are largely inactive, and thus are unable to present compelling reasons for donors to support them.

b. Second, the RNC has a large direct marketing and fundraising staff, consisting, in recent years, of between 40 and 45 employees. All of these personnel are full-time professionals with substantial experience in the field. State parties, in contrast, generally lack professional fundraising staff. The RNC, because it is a well-known national party committee, also tends to attract the most talented and dedicated marketing and fundraising employees. It is more difficult for state parties to do so.

c. Third, the size and scope of the RNC's direct marketing and fundraising operations enable it to achieve economies of scale that state parties simply cannot match. For example, the RNC's cost per mail piece in a nationwide fundraising campaign is substantially lower than the cost per mail piece of a statewide campaign conducted by a state

party, because the volume of mailings is so different. The RNC, therefore, can conduct direct market fundraising more cost-effectively than state parties can.

d. Fourth, as a national organization, the RNC is able to "go where the money is" with much greater ease and ability than a state party. For example, under current law, the RNC can hold a fundraiser in New York, then re-distribute that money internally to support a candidate running for state office in Mississippi. The Republican Party of Mississippi, in contrast, is much less likely to have fundraising success in New York. The ability of the RNC to raise funds nationwide is demonstrated by the attached charts that sort the RNC's federal and non-federal contributions by state for 2000 and year-to-date for 2002 (as of June 28). See RNC Exhibits 2259 and 65, respectively, attached as Attachments 32-33 hereto. Both charts show that the RNC raised federal and non-federal money from all 50 states in 2000 and year-to-date in 2002.

e. Finally, as noted above, my experience has demonstrated to me that donors have fairly firm limits on the amount of money they are willing and able to contribute to political parties. This is a fact of the marketplace that will not change merely because of the BCRA. Because the RNC is so much more prominent than state parties are, my experience suggests that donors are -- and will continue to be -- inclined to allocate more of their contributions to the RNC than to state parties.

42. As described above, the BCRA threatens to outlaw the RNC's fundraising assistance to state parties in the form of joint and tiered fundraising for non-federal money, transfers of non-federal funds, and designation and direction of non-federal funds. Because the state parties have less fundraising capacity than does the RNC, the elimination of RNC assistance with respect to non-federal money would have a significant detrimental effect on state

parties. Indeed, it is no exaggeration to observe that the BCRA threatens the very survival of the Republican Party committees in several particularly vulnerable states. I understand that the Declaration of Jay Banning sets forth information about the five most financially vulnerable state Republican Parties, namely those in Arkansas, Maine, North Carolina, Wisconsin, and Oregon.

**The RNC Does Not Give Donors Improper
Access to Candidates or Officeholders**

43. I understand that persons unfamiliar with political fundraising often contend that individuals and entities that donate non-federal money to political parties do so to "buy access" to candidates and officeholders, so that the donor can attempt to achieve improper influence over the legislative process. Based upon my 21 years of experience as a political fundraiser and finance consultant, I categorically reject this contention with respect to the RNC.

44. As a matter of policy, the RNC Finance Division does not offer to arrange personal meetings between donors -- no matter how large -- and federal officeholders or candidates for office. During my tenure at the RNC, there have been a handful of occasions when individuals have attempted to condition donations on the arrangement of such meetings, and each time the RNC has rejected the donation and denied the request. In one related instance, the RNC rejected a contribution from a prospective Regents member because of public controversy involving his prior illegal contributions to Democratic candidates for federal office and his overnight stays in the Clinton White House as a major Democratic donor. See RNC Exhibit 552, attached as Attachment 34 hereto. The individuals who have sought to condition donations to the RNC on its arrangement of meetings with officeholders, more often than not, have proposed to contribute federal dollars to the RNC. One such recent instance involved a gentleman who proposed to condition his membership in the RNC Eagles program on a meeting

with an officeholder. The RNC rejected the contribution. A ban on non-federal contributions to the RNC, therefore, would not stop most of these incidents from occurring.

45. It is obvious why major donors to the RNC do not regularly use their donations as a means to obtain "access." All or virtually all who have personal or organizational business with the federal government retain or employ professional lobbyists. Each election cycle, however, there are a very few instances in which federal or non-federal donors ask the RNC Finance staff or other RNC personnel to arrange meetings with federal officeholders. To confirm my recollection that such requests are very infrequent, I instructed my staff to review the RNC Finance Division's files about all contacts from major donors between 1997 and the end of 2001. These files record all contacts, in the form of letters, telephone calls, or personal meetings, between the RNC Finance Division and each major donor. There are literally thousands of such files, each of which contains multiple entries for each separate donor, with each entry showing the date and the substance of the contact. Some files contain dozens of entries. This review demonstrated, consistent with my recollection, that on average in recent years the RNC has received fewer than fifteen requests per election cycle in which donors -- of both federal and non-federal money -- ask RNC personnel to arrange meetings with federal officeholders.

46. Such requests come from donors at all levels, and are more prevalent among federal contributors than among non-federal donors. In the relatively infrequent instances in which the RNC Finance staff receives such a request, our policy is to pass the request along to the officeholder's staff without inquiring into the purpose of the proposed meeting, but neither to advocate a meeting nor ascertain whether a meeting has been arranged. In passing along the request, we do not indicate the amount of money donated by the person requesting the meeting. I received one such request, for example, on February 22, 2001, and as a matter of course the

request was passed along to the officeholders' staff. See Attachment 35 hereto (defendant-intervenors' exhibit). At no time did I or anyone on my staff advocate that the meeting occur, or follow up on whether it did occur.

47. I understand that the defendants in this case have contended that an employee in the RNC Finance Division's external affairs office, Stephanie Strategos, is employed for the purpose of arranging donor meetings with Members of Congress. The defendants are mistaken. In fact, it is the job of Ms. Strategos to arrange for Members of Congress, Cabinet officials, and other special guests and speakers to attend RNC events, which are attended by scores or even thousands of people.

48. Relatedly, I understand that the defendants have referenced several RNC documents in an effort to support their claim that the RNC provides improper "access" to its non-federal donors. In fact, none of these documents supports the defendants' claims.

a. First, the defendants point to an internal RNC memorandum dated October 23, 2001, which tracks Presidential appointments of Team 100 members. See Attachment 36 hereto (defendant-intervenors' exhibit). The purpose of the memorandum was to ensure that the RNC would refrain from future solicitations to these Team 100 members, because the RNC as a matter of policy does not solicit funds from Executive Branch officials or nominees.

b. Second, the defendants refer to an RNC memorandum dated May 15, 1995, from Tim Barnes, Director of Team 100, to former U.S. Senator Alphonse D'Amato, informing Senator D'Amato that a particular Team 100 member had designated \$25,000 of his membership dues to the New York State Republican Party. See Attachment 37 hereto (defendant-intervenors' exhibit). This memorandum was sent in response to a specific request

from Senator D'Amato, in his capacity as Chairman of the National Republican Senatorial Committee and as a leader of the New York State Republican Party, for information about the extent to which RNC members contributed funds to the state party. The RNC did not facilitate any "access" to Senator D'Amato for the individual referenced in the memorandum. Moreover, it is rare for a federal officeholder to inquire about donations or donors, even though this information is publicly available through the FEC.

c. Third, the defendants have identified an RNC memorandum dated October 8, 1999, from Dulce Zahniser to myself and my predecessor Margaret Alexander Parker, which in part references the possibility of fundraising telephone calls to Mississippi residents to be made by Congressman Charles ("Chip") Pickering and U.S. Senate Majority Leader Trent Lott. See Attachment 38 hereto (defendant-intervenors' exhibit). The memorandum makes clear that neither Congressman Pickering nor Majority Leader Lott had placed any such phone calls and, in fact, to my knowledge they never did. As noted above, it is exceedingly rare for Members of Congress or Senators to place RNC fundraising phone calls, and this memorandum is not to the contrary.

49. The overwhelming majority of fundraising events sponsored by the RNC include both federal and non-federal donors. In other words, a person does not need to contribute non-federal money to attend an RNC event and meet Republican officeholders and candidates. Even after the BCRA prohibits the RNC from raising non-federal money, I am confident that the RNC will still encourage candidates and officeholders to attend its events. Even today, for example, the RNC invites federal officeholders to attend the twice-yearly meetings of the Chairman's Advisory Board, which consists solely of federal money donors to the RNC.

50. In my personal experience and observation, RNC fundraising events do not provide a forum conducive to or appropriate for lobbying. Virtually all of the RNC's events include at least several dozen donors of diverse business and economic interests, and many events are attended by hundreds or thousands of donors. For the most part, donors who attend RNC events receive no more opportunity to interact with officeholders than a brief "photo opportunity." Further, efforts to discuss business, much less to lobby an officeholder, at these events are considered rude and inappropriate. Attendees know that officeholders are uninterested in conducting business during RNC events.

51. Finally, it is a well-known fact that individuals and entities with important business before Congress virtually always hire lobbyists. These lobbyists meet directly with Congressmen, Senators, and their staffs to make presentations and discuss issues. These activities are perfectly appropriate and usually occur during normal business hours. A business need not donate non-federal money (or contribute any money) to retain an effective lobbyist, and many companies with important business before Congress do not donate non-federal money to either party.

52. The various RNC exhibits attached to this declaration, with the exception of the private letter attached as Attachment 35 hereto, are to the best of my knowledge true and correct copies of records prepared and kept by the RNC in the course of its regularly conducted business activities.

I declare under penalty of perjury that the foregoing is true and correct.

October 4, 2002


Beverly Ann Shea