

FEC Probes Forbes Inc. Payments by Campaign

By Ruth Marcus
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The Federal Election Commission is questioning whether Forbes Inc. gave its president, Malcolm S. "Steve" Forbes Jr., thousands of dollars in illegal corporate contributions in the form of advances from the company that were later repaid by the campaign, according to documents on file with the FEC.

But the campaign said yesterday that its dealings with Forbes Inc. complied with the election law. It said it paid fair market value for its use of Forbes facilities and paid the company up front—as required—for the use of its corporate aircraft.

Federal election law bars corporate contributions to candidates, and the FEC told the Forbes campaign in a letter that its actions could present "a serious problem." The prohibition on corporate contributions applies whenever a company spends money on behalf of a candidate—even if it is later reimbursed.

Forbes's filings with the FEC as of last September show numerous instances where the campaign noted reimbursements to the company for travel, totaling \$6,575. The campaign also paid Forbes Inc. \$36,136.61 for rent and telephones, including \$11,000 for telephone installation.

"It appears that the [campaign] committee may be reimbursing the corporation for expenses spent on the committee's behalf," the FEC said after reviewing the campaign report. The election law requires that companies be paid up front for any help they give to candidates that is not part of their normal business.

Forbes campaign general counsel

Paul Sullivan said yesterday that the campaign had checked its use of the aircraft and that—although the payments were noted on the campaign report as "reimbursement"—in fact they were made before the flights, as the FEC requires.

"All of it was done in compliance with the regulations," he said.

Sullivan said the campaign is renting office space from a company-owned building in New Jersey and had an independent appraisal to determine the fair market value of the rent. He said the phone installation charge was part of the campaign's agreement with Forbes Inc.

The FEC sent letters to the campaign Dec. 26, 1995, and again last month, after the campaign failed to respond to the request for information about the Forbes Inc. payments.

The campaign's FEC report "indicates that your committee may have received . . . prohibited contributions in the form of advances from Forbes Inc.," the FEC wrote to campaign treasurer Joseph A. Cannon. "The Commission notes the reimbursement of the advance [contribution]. However, the acceptance of prohibited contributions is a serious problem."

The Dec. 26 letter asked for a response within 15 days. When the campaign failed to respond, the FEC sent another letter Jan. 19. As of yesterday, no written response had been received from the campaign.

Campaign lawyer Sullivan said yesterday that he had spoken with the FEC but had not yet responded in writing because he was gathering the necessary facts.

*Researcher Barbara J. Saffir
contributed to this report.*