



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2544

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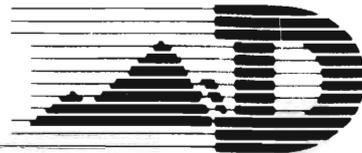
CAMERAMAN GPC

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The Democratic Party of Virginia

1001 E. Broad Street, Suite LL25
Richmond, Virginia 23219
(804) 644 1966



- MW 2544

Lawrence H. Framme, III
Chairman

October 21, 1987

General Counsel
Federal Election Commission
1325 K Street, NW
Washington, D.C. 20463

RE: A. Joseph Canada Jr. and Canada for Congress Committee '86

Dear General Counsel:

Based upon information which has recently come to light in several newspaper articles and upon review of Candidate Campaign Contributions and Expenditure Reports filed with the Virginia State Board of Elections, the Democratic Party of Virginia ("DPV") believes that State Senator A. Joseph Canada, Jr. and his authorized political committee, the Canada for Congress Committee '86, have violated the Federal Election Campaign Act of 1971, as amended. First, during 1986 Senator Canada knowingly accepted corporate and individual contributions in excess of \$1,000.00 that were purportedly for his 1977 state campaign but that were actually indirect contributions made to influence the outcome of Senator Canada's 1986 federal campaign.

Second, Senator Canada solicited corporate and individual contributions in excess of \$1,000.00 purportedly for his 1977 state campaign but actually for the purpose of influencing his 1986 federal election bid. These contributions were not reflected in the federal reports by Senator Canada and his campaign committee. Copies of the newspaper articles and relevant reports which brought these illegal activities to our attention are enclosed.

Pursuant to 2 U.S.C. Section 437g(a)(1) and 11 C.F.R. Section 111.1 et seq., the DPV files this Complaint and states as follows upon information and belief:

1. In 1977, Virginia Senator A. Joseph Canada, Jr. ran unsuccessfully for the position of Lieutenant Governor of Virginia ("the 1977 campaign"). Nine years later, as of September 1, 1986, the Joe Canada for Lt. Governor Campaign Committee had debts remaining in the amount of approximately \$40,000.

See attached Exhibit A.

FEDERAL RECEIVED
OFFICE OF ELECTORAL COMMISSION
87 OCT 22 PM 1:55

HAND DELIVERED
87 OCT 22 11:10:51

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2. In November 1986, Senator Canada ran unsuccessfully for a seat in the United States Congress as a Representative from the Second District ("the 1986 campaign"). His campaign was organized and funded by the Canada for Congress Committee '86.

I. First Violation

3. Upon information and belief, as reflected in the enclosed newspaper articles, the Joe Canada for Lt. Governor Committee received contributions of only \$19,402.00 during the entire six year period from November 1980, until October 1986.

4. By comparison, and in an effort described by Senator Canada as one to reduce further the outstanding debts of his 1977 election bid, Senator Canada solicited, and his Lt. Governor Committee accepted, total contributions of \$30,800.00 during the single month of October 1986, which was the month immediately prior to the 1986 Congressional Election.

See attached Exhibit B.

5. Upon information and belief, at the time that Senator Canada and his Lt. Governor Committee accepted \$30,800.00 in contributions purportedly to defray his 1977 campaign debts, Senator Canada was the only creditor of his 1977 campaign. Senator Canada was repaid and received, either directly or indirectly, \$30,600.00 in October 1986, for loans which he had made to his 1977 campaign.

See attached Exhibit B.

6. October 1986, was also the month in which Senator Canada contributed \$44,400.00 in loans to his 1986 congressional campaign over a ten-day period. See attached Exhibits and C.

7. Upon information and belief, the result of these transactions is that individual supporters of Senator Canada were solicited to contribute, and did contribute, more than \$1,000.00 each to his 1986 congressional campaign by purporting to provide such sums as contributions to defray the expenses of his 1977 state

campaign. Likewise, corporations were solicited and so contributed. It is illegal for a candidate or his campaign committee to solicit or accept any corporate contributions whatsoever or to likewise solicit individual contributions which in the aggregate exceed \$1,000.00 with respect to any election for federal office. 2 U.S.C. Section 441a(f).

8. Upon information and belief, Senator Canada and his campaign committee sought to direct contributions to his 1986 campaign through the conduit of his 1977 state campaign in an effort to avoid the dictates of the federal election laws, which provide that all contributions made by a person, either directly or indirectly, on behalf of a candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. 2 U.S.C. Section 441a (a)(8). Senator Canada's 1977 Lt. Governor Committee was the conduit through which contributions made for the benefit of his 1977 state campaign debts (of which Senator Canada was the sole creditor) were channelled directly or indirectly into Senator Canada's hands and emerged as loans from Senator Canada to his 1986 federal election.
9. Upon information and belief, Senator Canada knew that the true purpose behind his solicitation described above of \$30,800.00 just one month before the 1986 congressional election, although purportedly to defray the expenses of his 1977 campaign, was to circumvent the federal election laws and to receive prohibited corporate and excessive individual contributions to influence his election to federal office. The federal election laws provide that no federal candidate or his campaign committee shall knowingly accept any contribution or make any expenditure in violation of its provisions regarding limitations on contributions and expenditures. 2 U.S.C. Section 441a(f).

II. Second Violation

10. A "contribution" means a gift, loan, deposit of money or anything of value made for the purpose of influencing the election of any person to federal office. 2 U.S.C. Section 431(e)(1)(A). As noted above, the federal election laws clearly state that the maximum amount that an individual can contribute to a candidate for federal

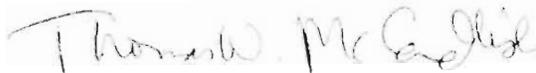
office is \$1,000.00. Any contributions in excess of \$1,000.00 are to be reported by the candidate's political committee. 2 U.S.C. Section 434(a).

11. Upon information and belief, as reflected in the enclosed newspaper articles, Senator Canada admitted that he personally appealed for contributions to retire his 1977 campaign debts in order to remove the debts as a possible campaign issue during the 1986 election. Thus, the contributions were solicited for the purpose of influencing the 1986 federal election by removing a potential campaign issue from the consideration of the voters and placing Senator Canada in a more favorable light.
12. Senator Canada and the Canada for Congress Committee '86 accepted contributions designated for his 1977 state campaign which were used to influence Senator Canada's election to Congress. These contributions, which fall under the aegis of the federal election laws, were received from corporations and from individuals each in excess of \$1,00.00 and were not reported to the Federal Election Commission by Senator Canada or his campaign committee.
13. Respondents, Senator Canada and the Canada for Congress Committee '86, have violated the Federal Election Campaign Act of 1971, as amended.

Based upon the above facts and information, we urge the General Counsel to review the allegations of this Complaint and to recommend to the Federal Election Commission that it should find reason to believe that Respondents have committed violations of the federal election laws.

WITNESS my hand this 21st day of October, 1987.

DEMOCRATIC PARTY OF VIRGINIA



By Thomas W. McCandlish
Campaign Counsel
Democratic Party of Virginia

Sworn to upon information and belief and subscribed to before me
this 21st day of October, 1987.

Sandra C. Thompson

Notary Public

My commission expires:

Jan. 20, 1990

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

A

CANDIDATE CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

A. JOSEPH CANADA, JR.
 Full Name of Candidate or Candidate's Committee
 1062 Laskin Road, Suite 12A
 Street or Box Number
 Virginia Beach, VA 23451
 City, State ZIP
 (804) 422-8833
 Area Code—Daytime Telephone Number

Lt. Governor
 Office sought
 Commonwealth of Virginia
 City/County/District
 November 8, 1977
 Date of Election
 Primary Election General Election Special Election
 (Check one)

TYPE OF REPORT (Check one)

ALL OFFICES OTHER THAN CITY/TOWN COUNCIL

- January 15
- May 1
- 8 days before 2nd Tuesday in June
- July 15
- August 15
- October 1 (Statewide ONLY)
- 8 days before November General Election
- December 1
- Other: 9th year post-election
- * Final

CITY COUNCIL & TOWN COUNCIL OF BLACKSBURG

- Primary Candidates Only:
- 8 days before 1st Tuesday in March
- All Candidates:
- 8 days before May General Election
 - June 15
 - July 15
 - January 15
 - Other: _____
 - * Final

* A final report must be filed no later than 30 days after an account is closed for any election. If all debts, including loans, have been paid and a surplus exists, a candidate may either continue to file annual reports each January 15 after the election OR may close the account by transferring the surplus funds to a future campaign account.

Either the candidate or campaign treasurer may sign the Oath or Affirmation below. In the case of a final report, the Termination Statement also must be signed and may be signed only by the candidate.

OATH OR AFFIRMATION

Under penalty of perjury, I declare that I have examined this report which covers the period from November 8, 1985 through January 13, 1987, including its accompanying summary, reconciliation, schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

[Signature]
 Signature of Treasurer or Candidate A. Joseph Canada, Jr.

Subscribed and sworn to (affirmed) before me this 13th day of JANUARY, 19 87.

My commission expires: Feb 6, 19 89. *[Signature]*
 Notary Public

*TERMINATION STATEMENT

This FINAL REPORT fully discloses all previously unreported receipts and disbursements, an accounting of the retirement of all debts, and the disposition of all residual funds. Surplus funds in the amount of _____ have been transferred to a succeeding election.

 Must be signed by candidate

SUMMARY OF CONTRIBUTIONS AND EXPENDITURES

Joe Canada for Lt. Governor

Full name of candidate or committee

Report Covering Period From 11/5/85 through 1/13/87

1. Balance on Hand (Line 6 of last report)		\$ <u>6,051.66</u>
2. Contributions Received (Line 17-Page 3)		<u>33,890.44</u>
3. Add: Balance Outstanding Loans (Line 28-Page 3)		<u>11,186.76</u>
4. Total Expendable Funds		<u>\$ 51,128.86</u>
5. Expenses:		
a. (Line 23-Page 3)	\$ <u>800.00</u>	
b. Outstanding Loans (Previous Report-Line 3)	<u>49,434.63</u>	
c. Total (Add Lines 5a and 5b)		(<u>50,234.63</u>)
6. Balance on Hand (Line 4 less Line 5c)		<u>\$ 894.23</u> *

TOTALS TO DATE

7. Contributions (Line 7 of Last Report plus Line 2 of this Report)		\$ <u>279,249.88</u>
8. Expenses (Line 8 of Last Report plus Line 5a of this Report)		<u>\$ 289,414.72</u>
9. Obligations Remaining Unpaid—Schedule D (Include Outstanding Loans)		<u>\$ 11,186.76</u> *
10. Campaign Depository <u>FIRST AMERICAN BANK OF VIRGINIA</u>		
Account Number <u>027-5689</u>		

STATEMENT OF RECONCILIATION OF FUNDS

Joe Canada for Lt. Governor

Full name of candidate or committee

Report Covering Period From 11/8/85 through 1/13/87

FUNDS RECEIVED

CONTRIBUTIONS

	Number	Amount
11. Schedule A (Over \$100)	# <u>13</u>	\$ <u>33,800.00</u>
12. Unitemized (\$100 or less)	# <u>1</u>	\$ <u>90.44</u>
13. TOTAL (Add Lines 11 & 12)	# <u>14</u>	\$ <u>33,890.44</u>
14. Less: Rebates and Refunds		\$ <u>-0-</u>
15. Less: Other _____		\$ <u>-0-</u>
16. TOTAL (Add Lines 14 & 15)		(<u>-0-</u>)
17. Net To Line 2—Summary (Line 13 less Line 16)		\$ <u><u>33,890.44</u></u>

FUNDS DISBURSED

EXPENDITURES

18. Schedule B		\$ <u>-0-</u>
19. Less: Utility Deposits Refundable		\$ <u>-0-</u>
20. Less: Rent Deposits Refundable		\$ <u>-0-</u>
21. Less: Other <u>Write off of Hotel Roanoke old debt</u>		\$ <u>800.00</u>
22. TOTAL (Add Lines 19, 20, 21)		(<u>800.00</u>)
23. Net To Line 5A—Summary (Line 18 less Line 22)		\$ <u><u>800.00</u></u>

LOAN ACCOUNT

24. Loan Account Balance—Last Report		\$ <u>49,434.63</u>
25. Loans Received This Period—Schedule C—Part I		\$ <u>-0-</u>
26. SUBTOTAL (Add Lines 24 & 25)		\$ <u>49,434.63</u>
27. Less: Loans Repaid This Period—Schedule C—Part II		(<u>38,247.87</u>)
28. Loan Balance to Date—to Line 3—Summary		\$ <u>11,186.76</u>

**SCHEDULE A
ITEMIZATION OF CONTRIBUTIONS OVER \$100**

for Canada for Lt. Governor

Full Name of Candidate or Committee

Date (mth, day, year)	Contributor's Full Name, Mailing Address, and ZIP Code (List Alphabetically)	Occupation and Principal Place of Business Of Contributions of More Than \$250 In the Aggregate	Amount of Receipt This Period
10/27/86	ARMADA/HOFFLER ENTERPRISES, INC. P. O. Box 1467 Chesapeake, VA 23320	Real Estate Developer Chesapeake, VA Aggregate to Date \$	This period \$ 2,500.00
10/22/86	COGHILL, Thomas E. 201 - 22nd Street Virginia Beach, VA 23451	Real Estate Investment Va. Beach Aggregate to Date \$	This period \$ 4,000.00
10/22/86	COASTLAND CORPORATION 1112 Laskin Road Virginia Beach, VA 23451	Real Estate Developer Va. Beach, VA Aggregate to Date \$	This period \$ 2,500.00
10/23/86	CREECH DEVELOPMENT CORP. 1411 Harpers Road Virginia Beach, VA 23454	Real Estate development Virginia Beach, VA Aggregate to Date \$	This period \$ 2,500.00
10/27/86	ECUFIN, INC. 601 Bank of Virginia Building 500 Plume Street East, Norfolk, VA	Water Treatment Business, Norfolk, VA Aggregate to Date \$	This period \$ 2,500.00
10/27/86	FRANZ WINDOWS 819 Bluecrash Road Newport News, VA 23604	Window Business Newport News, VA Aggregate to Date \$	This period \$ 2,500.00
10/31/86	HENRY'S SEAFOOD INC 3319 Shore Drive Virginia Beach, VA 23451	Seafood business, Va. Beach Va. Beach, VA Aggregate to Date \$	This period \$ 1,000.00
10/2/86	KARAGEORGE, S.A. 1312 Kildeer Court Virginia Beach, VA 23451	Hotel/Restaurant Business Va. BEach, VA Aggregate to Date \$	This period \$ 5,000.00
10/31/86	LINDQUIST, Vann C. 1541 Hidden Cove Virginia Beach, VA 23454	Homemaker Va. Beach, VA Aggregate to Date \$	This period \$ 3,300.00
10/22/86	LYONS, THOMAS J., Jr. P. O. Box 718 Virginia Beach, VA 23451	Real Estate Developer Va. Beach, VA Aggregate to Date \$	This period \$ 5,000.00
2/19/86	VIRGINIA OPTOMETRIC ASSOC. PAC Old City Hall, Suite 110 1001 E. Broad Street, VA 23219	Political Action Committee Richmond, VA Aggregate to Date \$	This period \$ 1,500.00

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule A)

SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED

for A. J. Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
TOTAL THIS PERIOD			-0-
(Complete only if this is last page of Schedule C (I))			

PART II
ITEMIZATION OF LOANS REPAYED

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
11/8/85	A. J. Canada, Jr. (for United Va. Bank loan) 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 1,000.00
		Aggregate to Date \$	
12/11/85	Central Fidelity Bank 1605 Laskin Road Virginia Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 2,800.00
		Aggregate to Date \$	
12/19/85	Dominion National Bank 1613 Laskin Rd. Virginia Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 1,100.00
		Aggregate to Date \$	
12/24/85	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 750.00
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (II))			

SCHEDULE C PART I ITEMIZATION OF LOANS RECEIVED

Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (I))			

(CONTINUED)

PART II ITEMIZATION OF LOANS REPAYED

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, if Applicable	Amount of Loan Repaid This Period
12/24/85	United Virginia Bank, Pacific Ave., Va. Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A.J. Canada, Jr. Aggregate to Date \$	This period \$ 882.87
9/15/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, VA. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr. Aggregate to Date \$	This period \$ 690.00
10/7/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr. Aggregate to Date \$	This period \$ 5,100.00
10/2/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr. Aggregate to Date \$	This period \$ 4,000.00
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (II))			

**SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED**

Canada for Lt. Governor

Full Name of Candidate or Committee

Date (m. day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			TOTAL THIS PERIOD _____ (Complete only if this is last page of Schedule C (I))

**PART II
(CONTINUED) ITEMIZATION OF LOANS REPAYD**

Date (m. day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, if Applicable	Amount of Loan Repaid This Period
10/21/86	A. J. Canada, Jr., 1062 Laskin Rd., Va. Beach, VA 23451, Suite 12A (for partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 7,500.00
			Aggregate to Date \$
10/23/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, VA. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 2,500.00
			Aggregate to Date \$
10/27/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 7,500.00
			Aggregate to Date \$
10/31/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 4,000.00
			Aggregate to Date \$
			TOTAL THIS PERIOD _____ (Complete only if this is last page of Schedule C (II))

SCHEDULE C PART I ITEMIZATION OF LOANS RECEIVED

Joe Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (I))			

(continued) **PART II
ITEMIZATION OF LOANS REPAYED**

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
12/2/86	A. J. Canada, Jr., 1062 Laskin Rd., Va. Beach, VA 23451, Suite 12A, (for partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A.J.Canada, Jr.	This period \$ 425.00
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
		Aggregate to Date \$	This period \$
TOTAL THIS PERIOD			38,247.87
(Complete only if this is last page of Schedule C (II))			

B

CONTRIBUTIONS RECEIVED BY AND MADE BY
A. JOSEPH CANADA OR HIS AUTHORIZED
POLITICAL COMMITTEES

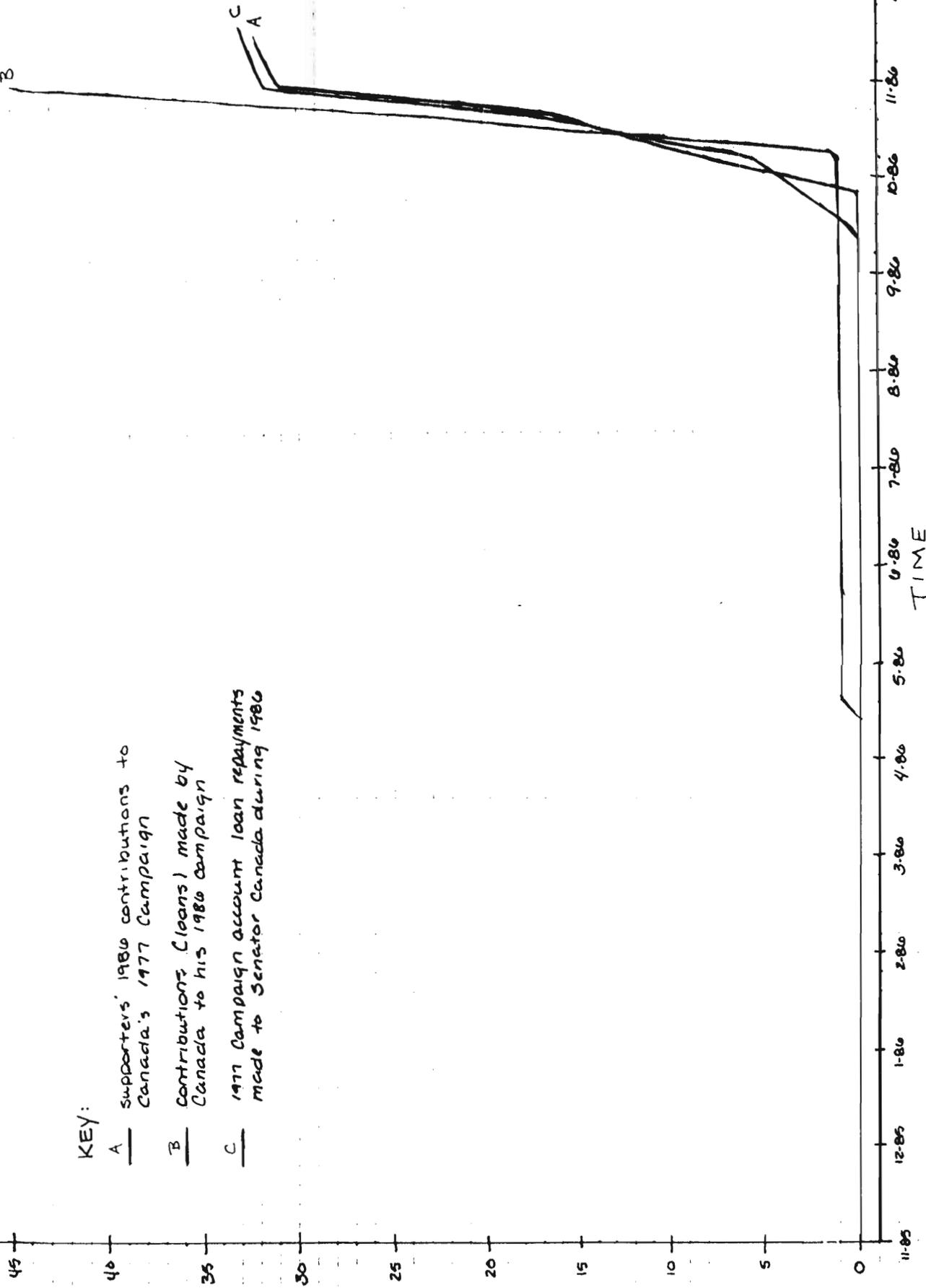
October 1986	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
Contribution to Canada's 1977 Campaign In 1986		\$5,000																				\$4,000 \$2,500 \$5,000	\$2,500			\$2,500 \$2,500 \$2,500					\$1,000 \$3,300
Contributions (Loans) From Canada to His Campaign																					\$25,000	\$4,000	\$4,000	\$2,400		\$5,000	\$2,000			\$6,000	
1977 Campaign Act. Loans Repayments Made to Canada In 1986							\$500															\$2,500				\$7,500				\$4,000	

C

KEY:

- A — supporters' 1986 contributions to Canada's 1977 Campaign
- B — Contributions (loans) made by Canada to his 1980 campaign
- C — 1977 Campaign account loan repayments made to Senator Canada during 1986

Amount (thousands)



Campaign funding worried Sciortino

Canada defends '86 transactions

By MICHAEL E. BASS 10-12-87
Staff writer

VIRGINIA BEACH — Doubts over the propriety of campaign funding transactions prompted Commonwealth's Attorney Paul A. Sciortino to withdraw his support of A. Joe Canada Jr.'s bid for re-election to a fifth state Senate term.

In the four weeks before the 2nd District congressional election last year, 10 Canada supporters responded to his personal appeal for help by giving \$30,800 to a campaign committee that had raised money for his unsuccessful 1977 race for lieutenant governor.

State campaign records show that the committee, headed by Canada, then repaid the money to its only remaining creditor — Canada. During this four-week period, Canada made six loans totaling \$44,400 to his unsuccessful congressional campaign

The contributions have raised questions because federal law places a \$1,000 cap on individual campaign donations. There is no limit on contributions in state races.

"This was the straw that broke the camel's back," Sciortino said late Saturday, a day after endorsing Canada's opponent, Democrat Moody E. Stallings Jr. "That was it. I just couldn't support Joe any more."

The \$30,800 was given to help retire the debt from Canada's 1977 lieutenant governor race. More contributions went into the account in October 1986 than in the previous six years combined.

Canada said he did not circumvent the federal law limiting contributions from individuals.

"I have done nothing wrong," Canada said. "I checked and there is nothing wrong with it. There is no

Please see CANADA, Page A8

The Virginian-Pilot
October 12, 1987

CANADA

continued from Page A1

connection, except I wanted to get the lieutenant governor debt paid off."

"But such transactions, while not necessarily illegal, 'could raise some questions,' said Fred Eiland, a spokesman for the Federal Elections Commission.

"This, along with everything else," Sciortino said, "led me to believe that Joe did not use good, sound judgment.

"My information was that there was no opinion that it was illegal, but at least that it was questionable."

Sciortino said he already had decided not to actively support Canada, partly because of newspaper reports in the past year describing Canada's business dealings with convicted embezzler Clyde Pitchford, convicted cocaine dealer Donald Kern, and Landbank Equity Corp., a second mortgage company that is now the target of a federal fraud probe.

Democratic leaders recently told Sciortino that in the last month of Canada's unsuccessful congressional campaign against Owen B. Pickett, Canada had solicited donations for an old committee in amounts above the FEC's donation limits.

Canada said the money he loaned his campaign came from personal funds, and was not related to the

money contributed to his 1977 lieutenant governor account. Even if they were related, Canada said, the transactions violated no law.

"If (the lieutenant governor fund) owes me money, it's my money, and I can give it to whomever I want," Canada said. "I could give it to the Russians if I wanted to."

The controversy stems from contributions to two accounts: the 1986 congressional fund and the 1977 lieutenant governor fund.

Under federal law, contributors to congressional campaigns can donate \$1,000 before the primary if there is one, and \$1,000 before the general election.

Nine of those 10 donations made in October 1986 to the lieutenant governor's fund were in amounts above the FEC's \$1,000 limit for a general election. They included two donations of \$5,000, one of \$4,000, one of \$3,300 and five of \$2,500.

At least two of the contributors, S.A. Karageorge and Thomas E. Coghill, already had given to the Canada for Congress campaign the maximum \$1,000 contribution. Two other contributions to the lieutenant governor's fund were from businesses whose principals had already given the \$1,000 maximum to the congressional race. They are Erwin Franz of Franz Windows and Anna M. Braithwaite of Henry's Seafood Inc.

These nine contributions would be subject to the federal \$1,000 limit if the money were transferred directly from the 1977 campaign fund



A. Joe Canada

"I have done nothing wrong."

to the congressional campaign, Eiland said.

But because the money went from the 1977 committee to Canada, and Canada then lent his own money to the congressional campaign, the same regulations might not apply.

"It's possible it could be correct," said Eiland, emphasizing that he was speaking generally and not about any specific case. "It would depend on whether it was done properly or improperly. Some of the things that might factor into it would be the intent."

Canada said the intent was to retire his lieutenant governor campaign debt before the 1986 election. He said he was afraid that the Democrats would use the debt as ammunition in the campaign's waning days.



Paul A. Sciortino

Questions Canada's judgment.

"Joe came to me and said he's had this debt hanging around for 10 years," said Thomas E. Coghill of Virginia Beach, who contributed \$4,000 to the lieutenant governor fund. "He said he wanted to end the year debt-free. That's what he told me.

"We don't break the law. The law is the law. I was just helping out a friend."

Prior to the October flurry of contributions, the 1977 account had been almost dormant.

From November 1980 until October 1986, \$19,402 in contributions were made to the campaign by Canada's supporters, state campaign financing records show.

All but \$200 of the \$30,800 contributed to the 1977 fund in October was paid to Canada personally, in repayment for the loans he made

the fund in 1977.

During this same period, federal election records show that Canada made six loans totaling \$44,400 to his congressional campaign.

On Oct. 21, he loaned his campaign \$25,000. By that time, there had been \$5,000 worth of contributions into the lieutenant governor fund.

Two days later, Canada loaned himself \$4,000. In that time, another \$14,000 had been contributed to the 1977 fund.

The next day, Canada loaned his campaign \$2,400.

On Oct. 27, there was a \$5,000 loan to the congressional campaign. There were also three \$2,500 donations to the lieutenant governor fund.

On Oct. 28, a week before the election, Canada made a \$2,000 loan.

Three days later, Canada made a final loan of \$6,000. During that time, he received contributions of \$3,300 and \$1,000 to the lieutenant governor fund.

Before October, Canada had made only loan to his campaign — \$1,000 in April. He repaid it a week after the election.

"Near the end of a campaign, you always feel like if you had a little bit more money, you could do a little bit more," Canada said. "So I gathered money — my own money — and I put it in."

Canada said he was not sure why he made six separate loans over the course of a week instead one big

loan.

"I don't have the vaguest idea," he said. "It was just done that way. I don't think there's any book that says you have to do it one way or another."

Later, he said the loans were spaced according to how he bought television advertising time. He said he wanted to make sure he did not lend the campaign any more money than he had to.

Eiland said the FEC could not investigate the questions surrounding Canada unless someone filed a complaint.

He also noted that because the federal agency sees only federal reports, it was unaware of any activity in the statewide lieutenant governor fund.

The contributors to the lieutenant governor campaign were:

■ Thomas J. Lyons Jr., Virginia Beach, \$5,000.

■ S.A. Karageorge, Virginia Beach, \$5,000.

■ Thomas E. Coghill, Virginia Beach, \$4,000.

■ Vann C. Lindquist, Virginia Beach, \$3,300.

■ Armada/Hoffler Enterprises Inc., Chesapeake, \$2,500.

■ Coastland Corp., Virginia Beach, \$2,500.

■ Creech Development Corp., Virginia Beach, \$2,500.

■ Ecufin Inc., Norfolk, \$2,500.

■ Franz Windows, Newport News, \$2,500.

■ Henry's Seafood Inc., \$1,000.

Alan



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

29 October 1987

Thomas W. McCandlish, Campaign
Counsel
Democratic Party of Virginia
1001 E. Bank Street
Suite LL15
Richmond, VA 23219

RE: MFB 1011

Dear Mr. McCandlish:

This letter acknowledges receipt of your complaint, received on October 22, 1987, alleging possible violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by W. Joseph Canada, Jr., the Canada For Congress Committee, and Ross W. Herr, Jr., its treasurer, and the Joe Canada For Lt. Governor Committee. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission has taken action on your complaint. If you are receiving an additional notification in this matter, please forward it to the Office of the General Counsel. Such information must be submitted in the same manner as the original complaint, via electronic mail system MFB 1011. For information on this system, please refer to the procedures. For your information, we have a staff of attorneys in the Commission's procedures for handling such matters. If you have any questions, please contact the Office of the General Counsel, at (202) 376-3111.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lisa G. Lerner
Associate General Counsel

cc: House
cc: Bureau

9 8 1 4 7 6 7 3 4 5 4



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

29 October 1987

The Honorable A. Joseph Canada, Jr.
1082 Laskin Road
Suite 12A
Virginia Beach, VA 23451

RE: MUE 1544
A. Joseph Canada, Jr.

Dear Mr. Canada:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended, the "Act". A copy of the complaint is enclosed. We have numbered this matter MUE 1544. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's review of this matter. Where appropriate, attach to the materials suggested under oath. Your response, which should be addressed to the General Counsel's office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with Section 552(a)(4)(B) and Section 517(a)(1) of Title 5, unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

3 8 7 4 0 6 7 5 4 5 5

If you have any questions, please contact Maura Callaway, the staff member assigned to this matter, at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noel
General Counsel



Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation

03040673456



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

29 October 1987

John W. Kerr, Jr., Treasurer
Canada For Congress Committee '88
1062 Laskin Road
Suite 11A
Virginia Beach, VA 23461

RE: MOR 2544
Canada For Congress
Committee '88
John W. Kerr, Jr.,
Treasurer

Dear Mr. Kerr:

The Federal Election Commission received a complaint which alleges that the Canada For Congress Committee '88 and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended, the "Act". A copy of the complaint is enclosed. We have processed this matter MFB 1544. Please refer to this number in all future correspondence.

Under the Act, you have the right to request a determination in writing that no action should be taken against you and the Canada For Congress Committee '88 in this matter. To make such a request, factual or legal materials which would be helpful to the Commission's handling of this matter should be submitted to the Commission's Complaints Unit, 1100 Pennsylvania Avenue, N.W., Washington, D.C. 20545. Such a request should be accompanied by the Federal Election Commission Form 1000, which is received within 15 days of receipt of this letter. If a request is received within 15 days, the Commission may determine whether or not to disseminate the available information.

This matter will remain confidential, in accordance with Section 437(g)(4)(B) and Section 437(g)(1)(A) of Title 2, unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing that counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact Maura Callaway, the staff member assigned to this matter, at (202) 375-9200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Napolitano
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

0 2 0 9 0 6 7 1 1 5 8



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20461

29 October 1987

Joe Canada For Lt. Governor
Committee
1052 Laskin Road
Suite 12A
Virginia Beach, VA 23451

RE: MUR 2544
Joe Canada For Lt.
Governor Committee

Dear Sir or Madam:

The Federal Election Commission received a complaint which alleges that the Joe Canada For Lt. Governor Committee may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2544. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Joe Canada For Lt. Governor Committee in this matter. If you wish to do so, please advise the Commission in writing within 15 days of receipt of this letter. If no such response is received within 15 days, the Commission will take action based on the available information.

This matter will remain confidential in accordance with Section 437(g)(1)(B) and Section 437(g)(1)(2)(B) of Title 2, unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact Maura Callaway, the staff member assigned to this matter, at LOD: 375-8000. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

3 2 2 4 0 6 2 8 7 0

JOE CANADA
SENATE

1174 179
HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

87 NOV 17 AM 10:20

November 16, 1987

Lawrence M. Noble
General Counsel's Office
Federal Election Commission
1325 K Street, NW
Washington, D. C. 10463

Attention: Lois G. Lerner,
Associate General Counsel

Re: MUR 2544
Joe Canada for Lt. Governor Committee

Dear General Counsel:

This letter is written in response to allegations made by the Democratic Party of Virginia and really made on behalf of my opponent in this past November election, Moody E. Stallings, Jr. for re-election to the State Senate this November.

The election is now over and, pursuant to your letter, I am going to attempt to respond to the allegations.

I ran for Lt. Governor in 1977 against Charles Robb. As a result of the campaign, I had a significant debt. We kept proper records in that endeavor and rather than leaving the vendors hanging, I worked to put the money into the campaign and pay the vendors over a period of years (see attached campaign report marked Exhibit "A"). As a result, I put a significant amount of money into the Lt. Governor's campaign. The debt was reduced over the years as it was originally Sixty some thousand dollars. (See attached campaign report marked Exhibit "B").

At the start of my bid for Congress in 1985, the debt owed to me from the Lt. Governor's campaign was approximately Fifty Thousand Dollars. My campaign for Congress was in full swing and from all polls (see attached copy marked Exhibit "C"), it appeared that we were going to win the election. Some of my supporters thought that the Lt. Governor's debt should be retired and they contributed to that endeavor. We received approximately Thirty Thousand Dollars (\$30,000.00) in September and October of 1986. All the checks received were made payable to Joe Canada for Lt. Governor Fund and were deposited in that account. This was not done to circumvent any Federal Election Law, but all of the contributors made their checks to Joe Canada for Lt. Governor. It was clearly understood that the money went to the Lt. Governor fund.

FEDERAL RECEIVED
OFFICE OF GENERAL COUNSEL
87 NOV 17 PM 1:16

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Lawrence G. Noble
General Counsel
Page Two
November 16, 1987

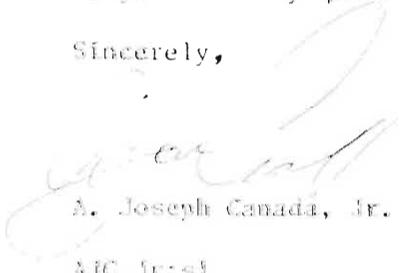
In the month of October, I contributed approximately Forty-Four Thousand Dollars (\$44,000.00) to the Congressional campaign during the last several weeks, because I felt that it was necessary to buy more television. This was my money and I was certainly legally allowed to contribute this money.

All of the above mentioned transactions were properly done and documents and have been public knowledge for over a year. The complaint filed by the Democratic Party was done thirteen days before the November 3rd election and was done to try to weaken our chances of re-election to the State Senate. Unfortunately, the result of the election was not good for us, and maybe the filing of their complaint had an impact. We certainly have not done anything illegal and we would be glad to answer any further questions.

Also enclosed is a copy of a Memorandum from the Executive Director of the Republic Party of Virginia which confirms our assertion that we have done nothing illegal.

If you have any questions, please feel free to call.

Sincerely,


A. Joseph Canada, Jr.

AJC, Jr:sl

Enclosures:

8 9 0 4 0 6 7 3 4 7 4

COMMONWEALTH OF VIRGINIA
STATE BOARD OF ELECTIONS
Richmond, Virginia 23219

REPORT OF CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

A. Joseph Canada, Jr.
Full Name of Candidate or Committee

Lieutenant Governor
Office Sought

2420 Virginia Beach Boulevard
Street or Box Number

Commonwealth of Virginia
City/County/District

Virginia Beach, Virginia 23454
City, State, ZIP Code

November 8, 1977
Date of Election

(804) 486-7711
Area Code Telephone Number

General Primary Special
Check One

TYPE OF REPORT
(Check Appropriate Box)

- Pre-Election
- Post Election (30 days)
- Post Election (60 days)
- Post Election (Six months)
- Post Election (One year)
- Other ~~Two Years~~ Post Election-

SUMMARY

Report Covering Period From	<u>November 7, 1978</u>	through	<u>November 5, 1979</u>
1. Balance on Hand (Line 6 of Last Report)		\$	<u>385.67</u>
2. Contributions Received (Line 17 -- page 2)			<u>5,140.00</u>
3. Add: Balance Outstanding Loans (Line 30 -- page 2)			<u>71,046.70</u>
4. Total Expendable Funds		\$	<u>76,572.37</u>
5. Expenses:			
A. (Line 25 -- page 2)	\$	<u>13,878.95</u>	
B. Add: Outstanding Loans (Prev. Report -- Line 3)		<u>62,351.69</u>	<u>(76,230.64)</u>
6. Balance on Hand (Line 4 less Line 5)		\$	<u>341.73</u>

TOTALS TO DATE

7. Contributions (Line 7 of Last Report plus Line 2 of this Report)	\$	<u>196,775.56</u>
8. Expenses (Line 8 of Last Report plus Line 5A of this Report)	\$	<u>267,262.44</u>
9. Obligations Remaining Unpaid -- Schedule D	\$	<u>21,905.76</u>
10. Campaign Depository <u>First & Merchants National Bank</u>		
Account Number <u>02-77-5689</u>		

OATH OR AFFIRMATION

Under penalty of perjury, I declare that I have examined this report, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

[Signature]
(Signature of Treasurer, Candidate or Appropriate Person)

Subscribed and sworn to (affirmed) before me this 5th day of November, 19 79

My commission expires:

Oct. 6, 1980

[Signature]
Notary Public

STATEMENT OF RECONCILIATION OF FUNDS

Report Covering Period From 11/7/78 through 11/5/79

Full Name of Candidate or Committee: Joe Canada for Lt. Governor

FUNDS RECEIVED

CONTRIBUTIONS

11. Schedule A (Over \$100)	* <u>9</u>	\$ <u>5,100.00</u>	
12. Unitemized (\$100 or less)	* <u>3</u>	\$ <u>40.00</u>	
13. TOTAL (Add Lines 11 & 12)	* <u>12</u>		\$ <u>5,140.00</u>
14. Less: Rebates and Refunds		\$ <u>-0-</u>	
15. Less: Other _____		\$ <u>-0-</u>	
16. TOTAL (Add Lines 14 & 15)			(<u>-0-</u>)
17. Net To Line 2 - Summary (Line 13 less Line 16)			\$ <u>5,140.00</u>

FUNDS DISBURSED

EXPENDITURES

18. Schedule B (Over \$100)		\$ <u>13,399.99</u>	
19. Unitemized (\$100 or less)	* <u>14</u>	\$ <u>478.96</u>	
20. TOTAL (Add Lines 18 & 19)			\$ <u>13,878.95</u>
21. Less: Utility Deposits Refundable		\$ <u>-0-</u>	
22. Less: Rent Deposits Refundable		\$ <u>-0-</u>	
23. Less: Other _____		\$ <u>-0-</u>	
24. TOTAL (Add Lines 21, 22, & 23)			(<u>-0-</u>)
25. Net To Line 5A - Summary (Line 20 less Line 24)			\$ <u>13,878.95</u>

LOAN ACCOUNT

26. Loan Account Balance - Last Report		\$ <u>62,351.69</u>	
27. Loans Received this Period - Schedule C - Part I		\$ <u>10,856.68</u>	
28. SUBTOTAL (Add Lines 26 & 27)		\$ <u>73,208.37</u>	
29. Less: Loans Repaid This Period - Schedule C - Part II		(<u>2,161.67</u>)	
30. Loan Balance to Date - to Line 3 - Summary			\$ <u>71,046.70</u>

**SCHEDULE A
ITEMIZATION OF CONTRIBUTIONS OVER \$100**

Joe Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Contributor's Full Name, Mailing Address, and ZIP Code (List Alphabetically)	Occupation and Principal Place of Business Of Contributors of \$250 or Over In the Aggregate	Amount of Rec. This Period
8/28/79	Butler, Frank E., III 2420 Va. Beach Blvd. Virginia Beach, VA 23454	Attorney - Virginia Beach, VA	This period \$ 500.00
5/22/79	Coleman-Canada Fund Fundraiser Committee, P.O. Box 953, Richmond, VA 23207	Fundraiser Committee Richmond, VA	This period \$ 300.00
7/26/79	Coleman-Canada Fund Fundraiser Committee, P.O. Box 953, Richmond, VA 23207	Fundraiser Committee Richmond, VA	This period \$ 300.00
5/26/79	Dean, Charles D., Jr. 1305 Kingfisher Court Va. Beach, VA 23451		This period \$ 150.00
7/26/79	Republican Party of VA 9th & Main Streets Richmond, VA 23219	Political - Republican Party of VA Richmond, VA	This period \$ 2,500.00
	(proceeds from fund-raiser held at State Convention)		This period \$
8/27/79	Same as Above	same as above	This period \$ 850.00
8/2/79	Winchester Republican Com- mittee, c/o 100 North Ave., Winchester, VA 22601	Political - Winchester, VA	This period \$ 150.00
8/5/79	Henrico County Republican Committee, Henrico County, Virginia		This period \$ 150.00
8/28/79	Milanovich, Mike 101 S. Parliament Dr. Virginia Beach, VA 23462		This period \$ 200.00
			This period \$

TOTAL THIS PERIOD \$ 5,100.00
(Complete only if this is last page of Schedule A)

**SCHEDULE B
ITEMIZATION OF EXPENDITURES OVER \$100**

Joe Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	PAYEE (Recipient of Payment) Full Name, Mailing Address, and ZIP Code	Person Contracting For Expenditure AND Brief Description of Purpose	Amount of Expenditure This Period
11/15/78	American Business Systems CPT Corp., P.O. Box 3836, St. Paul, MN 55166	Nick Longworth, Campaign Manager; CPT III Console & Supplies	This period \$ 75.00
12/14/78	Same as Above	Same as above	This period \$ 75.00
2/15/79	Same as above	same as above	This period \$ 50.00
3/5/79	same as above	same as above	This period \$ 100.00
3/28/79	same as above	same as above	This period \$ 100.00
4/5/79	same as above	same as above	This period \$ 100.00
5/16/79	same as above	same as above	This period \$ 100.00
5/16/79	same as above	same as above	This period \$ 100.00
9/24/79	same as above	same as above	This period \$ 400.00
11/1/79	same as above	same as above	This period \$ 108.36
			This period \$

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule B)

**SCHEDULE B
ITEMIZATION OF EXPENDITURES OVER \$100**

Joe Canada for Lt. Governor
Full Name of Candidate or Committee

Date (month, day, year)	PAYEE (Recipient of Payment) Full Name, Mailing Address, and ZIP Code	Person Contracting For Expenditure AND Brief Description of Purpose	Amount of Expenditure This Period
2/10/78	C & P Telephone Co. P. O. Box 27292 Richmond, VA 23261	Nick Longworth, Campaign Manager - telephone services	This period \$ 10,856.68
			This period \$

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule B)

**SCHEDULE B
ITEMIZATION OF EXPENDITURES OVER \$100**

Joe Canada for Lt. Governor
Full Name of Candidate or Committee

Date (month, day, year)	PAYEE (Recipient of Payment) Full Name, Mailing Address, and ZIP Code	Person Contracting For Expenditure AND Brief Description of Purpose	Amount of Expenditure This Period
11/15/78	IBM Corporation P. O. Box 12151 Philadelphia, PA 19105	Nick Longworth, campaign manager; typewriter rentals	This period \$ 50.00
12/14/78	same as above	same as above	This period \$ 50.00
1/23/79	same as above	same as above	This period \$ 50.00
2/15/79	same as above	same as above	This period \$ 50.00
3/28/79	same as above	same as above	This period \$ 54.32
			This period \$

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule B)

**SCHEDULE B
ITEMIZATION OF EXPENDITURES OVER \$100**

Joe Canada for Lt. Governor
Full Name of Candidate or Committee

Date month, day, year	PAYEE (Recipient of Payment) Full Name, Mailing Address, and ZIP Code	Person Contracting For Expenditure AND Brief Description of Purpose	Amount of Expenditure This Period
3/28/79	Letton Gooch Printer, Inc. 2511 Granby St. Norfolk, VA 23517	Nick Longworth, Campaign Manager; printing letter- heads & envelopes	This period \$ 100.00
10/5/79	same as above	same as above	This period \$ 625.00
			This period \$

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule B)

**SCHEDULE B
ITEMIZATION OF EXPENDITURES OVER \$100**

Joe Canada for Lt. Governor
Full Name of Candidate or Committee

Date month, day, year)	PAYEE (Recipient of Payment) Full Name, Mailing Address, and ZIP Code	Person Contracting For Expenditure AND Brief Description of Purpose	Amount of Expenditure This Period
3/28/79	Standard Office Supply 1673 Laskin Road Virginia Beach, VA 23451	Nick Longworth, campaign manager; office supplies	This period \$ 50.00
6/4/79	same as above	same as above	This period \$ 50.00
9/30/79	same as above	same as above	This period \$ 40.00
11/1/79	same as above	same as above	This period \$ 49.91
			This period \$

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule B)

**SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED**

Joe Canada for Lt. Governor
Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If \$250 or Over in the Aggregate	Amount of Loans This Period
12/10/78	A. J. Canada, Jr. 2420 Virginia Beach Blvd. Va. Beach, VA 23454	Attorney - Virginia Beach	This period \$ 10,856.68 <small>Aggregate to Date \$ 62,351.69</small>
			This period \$ <small>Aggregate to Date \$</small>
			This period \$ <small>Aggregate to Date \$</small>
			This period \$ <small>Aggregate to Date \$</small>
TOTAL THIS PERIOD <u>10,856.68</u> (Complete only if this is last page of Schedule C (I))			

**PART II
ITEMIZATION OF LOANS REPAID**

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loans Repaid This Period
7/31/79	Virginia National Bank Princess Anne Plaza Virginia Beach, VA 23452	A.J. Canada, Jr. - repayment of note of C. Kennedy	This period \$ 2,161.67 <small>Aggregate to Date \$</small>
			This period \$ <small>Aggregate to Date \$</small>
			This period \$ <small>Aggregate to Date \$</small>
			This period \$ <small>Aggregate to Date \$</small>
TOTAL THIS PERIOD <u>2,161.67</u> (Complete only if this is last page of Schedule C (II))			

SCHEDULE D
OBLIGATIONS REMAINING UNPAID AS OF THIS REPORT
(INCLUDE ALL OUTSTANDING LOANS)

of Canada for Lt. Governor
 Full Name of Candidate or Committee

Date Contracted (month, day, year)	Obligee's Full Name, Mailing Address, and ZIP Code	Purpose	Amount Of Obligation
2/1/77	Bishop & Bryant, Inc. Suite 402, 1745 Jefferson Davis Highway, Arlington, VA 22202	Political Consultants and media production	13,654.56
2/1/77	Robert Pipkin 317 Lackey Lane Ripley, Tenn 38063	Contract for professional services rendered	1,082.20
4/1/77	Ballard Everett Arlington, VA	Contract for professional services rendered	635.98
11/1/77	Management Technology Assoc. Box 108, Kensington, MD 20795	Contract for professional services rendered	657.48
11/1/77	Dave Williams 527 Locust Ave. Waterloo, Iowa 51702	Contract for professional services rendered	448.36
5/5/77	Hotel Roanoke P. O. Box 12508 Roanoke, VA 24026	June 1977 convention	2,500.00 4,000.00 1,400.00
11/8/77	John Marshall Hotel 5th & Franklin Streets Richmond, VA	lodging	228.00
11/7/77	William & Mary College Republican, College Station Williamsburg, VA 23186	cookout picnic	218.68
11/7/77	National Conservative Political Action Committee, 1500 Wilson Blvd., Arlington, VA	reimbursement for payment of telephone bill	789.10
3/1/77	Colonial Print Shop 542 Culpeper shopping Center Culpeper, VA 22701	Printing services	191.40

TOTAL THIS PERIOD \$ 21,905.76
 (Complete only if this is last page of Schedule D)

CANADA FOR LT. GOVERNOR
1062 Laskin Road - Suite 12A
Virginia Beach, Virginia 23451
(804) 422-8833

January 13, 1987

Mrs. Susan H. Fitz-Hugh, Secretary
State Board of Elections
101 Ninth Street Office Building
Richmond, Virginia 23219

Re: Joe Canada for Lt. Governor -
Post Election Report - 9th Year

Dear Mrs. Fitz-Hugh:

Enclosed please find the nine year post-general Report of Campaign Contributions and Expenditures covering the period from November 8, 1985, thru January 13, 1987.

Sincerely,



A. J. Canada, Jr.

AJC,Jr:sl

Enclosure:

cc: Mrs. Marlene J. Hager
General Registrar
City of Virginia Beach
Municipal Center
Virginia Beach, VA 23456

EXHIBIT "B"

CANDIDATE CAMPAIGN CONTRIBUTIONS AND EXPENDITURES

A. JOSEPH CANADA, JR.
 Full Name of Candidate or Candidate's Committee
1062 Laskin Road, Suite 12A
 Street or Box Number
Virginia Beach, VA 23451
 City, State ZIP
(804) 422-8833
 Area Code - Daytime Telephone Number

Lt. Governor
 Office sought
Commonwealth of Virginia
 City/County/District
November 8, 1977
 Date of Election
 Primary Election General Election Special Election
 (Check one)

TYPE OF REPORT (Check one)

ALL OFFICES OTHER THAN CITY/TOWN COUNCIL

- January 15
- May 1
- 8 days before 2nd Tuesday in June
- July 15
- August 15
- October 1 (Statewide ONLY)
- 8 days before November General Election
- December 1
- Other: 9th year post-election
- * Final

CITY COUNCIL & TOWN COUNCIL OF BLACKSBURG

- Primary Candidates Only:**
- 8 days before 1st Tuesday in March
- All Candidates:**
- 8 days before May General Election
 - June 15
 - July 15
 - January 15
 - Other: _____
 - * Final

* A final report must be filed no later than 30 days after an account is closed for any election. If all debts, including loans, have been paid and a surplus exists, a candidate may either continue to file annual reports each January 15 after the election OR may close the account by transferring the surplus funds to a future campaign account.

Either the candidate or campaign treasurer may sign the Oath or Affirmation below. In the case of a final report, the Termination Statement also must be signed and may be signed only by the candidate.

OATH OR AFFIRMATION

Under penalty of perjury, I declare that I have examined this report which covers the period from November 8, 1985 through January 13, 1987, including its accompanying summary, reconciliation, schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

[Signature]
 Signature of Treasurer or Candidate A. Joseph Canada, Jr.

Subscribed and sworn to (affirmed) before me this 13th day of JANUARY, 19 87.

My commission expires: Feb 6, 1988
[Signature]
 Notary Public

* TERMINATION STATEMENT

This FINAL REPORT fully discloses all previously unreported receipts and disbursements, an accounting of the retirement of all debts, and the disposition of all residual funds. Surplus funds in the amount of _____ have been transferred to a succeeding election.

 Must be signed by candidate

SUMMARY OF CONTRIBUTIONS AND EXPENDITURES

Joe Canada for Lt. Governor

Full name of candidate or committee

Report Covering Period From 11/5/85 through 1/13/87

1. Balance on Hand (Line 6 of last report)		\$ <u>6,051.66</u>
2. Contributions Received (Line 17-Page 3)		<u>33,890.44</u>
3. Add: Balance Outstanding Loans (Line 28-Page 3)		<u>11,186.76</u>
4. Total Expendable Funds		\$ <u><u>51,128.86</u></u>
5. Expenses:		
a. (Line 23-Page 3)	\$ <u>800.00</u>	
b. Outstanding Loans (Previous Report-Line 3)	<u>49,434.63</u>	
c. Total (Add Lines 5a and 5b)		(<u>50,234.63</u>)
6. Balance on Hand (Line 4 less Line 5c)		\$ <u><u>894.23</u></u> *

TOTALS TO DATE

7. Contributions (Line 7 of Last Report plus Line 2 of this Report)		\$ <u>279,249.88</u>
8. Expenses (Line 8 of Last Report plus Line 5a of this Report)		\$ <u>289,414.72</u>
9. Obligations Remaining Unpaid—Schedule D (include Outstanding Loans)		\$ <u>11,186.76</u> *
10. Campaign Depository <u>FIRST AMERICAN BANK OF VIRGINIA</u>		
Account Number <u>027-5689</u>		

STATEMENT OF RECONCILIATION OF FUNDS

Joe Canada for Lt. Governor

Full name of candidate or committee

Report Covering Period From 11/8/85 through 1/13/87

FUNDS RECEIVED

CONTRIBUTIONS

	Number	Amount
11. Schedule A (Over \$100)	# <u>13</u>	\$ <u>33,800.00</u>
12. Unitemized (\$100 or less)	# <u>1</u>	\$ <u>90.44</u>
13. TOTAL (Add Lines 11 & 12)	# <u>14</u>	\$ <u>33,890.44</u>
14. Less: Rebates and Refunds		\$ <u>-0-</u>
15. Less: Other _____		\$ <u>-0-</u>
16. TOTAL (Add Lines 14 & 15)		(<u>-0-</u>)
17. Net To Line 2—Summary (Line 13 less Line 16)		\$ <u><u>33,890.44</u></u>

FUNDS DISBURSED

EXPENDITURES

18. Schedule B		\$ <u>-0-</u>
19. Less: Utility Deposits Refundable		\$ <u>-0-</u>
20. Less: Rent Deposits Refundable		\$ <u>-0-</u>
21. Less: Other <u>Write off of Hotel Roanoke old debt</u>		\$ <u>800.00</u>
22. TOTAL (Add Lines 19, 20, 21)		(<u>800.00</u>)
23. Net To Line 5A—Summary (Line 18 less Line 22)		\$ <u><u>800.00</u></u>

LOAN ACCOUNT

24. Loan Account Balance—Last Report		\$ <u>49,434.63</u>
25. Loans Received This Period—Schedule C—Part I		\$ <u>-0-</u>
26. SUBTOTAL (Add Lines 24 & 25)		\$ <u>49,434.63</u>
27. Less: Loans Repaid This Period—Schedule C—Part II		(<u>38,247.87</u>)
28. Loan Balance to Date—to Line 3—Summary		\$ <u>11,186.76</u>

**SCHEDULE A
ITEMIZATION OF CONTRIBUTIONS OVER \$100**

for Canada for Lt. Governor

Full Name of Candidate or Committee

Date (mth, day, year)	Contributor's Full Name, Mailing Address, and ZIP Code (List Alphabetically)	Occupation and Principal Place of Business Of Contributions of More Than \$250 In the Aggregate	Amount of Receipt This Period
10/27/86	ARMADA/HOFFLER ENTERPRISES, INC. P. O. Box 1467 Chesapeake, VA 23320	Real Estate Developer Chesapeake, VA	This period \$ 2,500.00
10/22/86	COGHILL, Thomas E. 201 - 22nd Street Virginia Beach, VA 23451	Real Estate Investment Va. Beach	This period \$ 4,000.00
10/22/86	COASTLAND CORPORATION 1112 Laskin Road Virginia Beach, VA 23451	Real Estate Developer Va. Beach, VA	This period \$ 2,500.00
10/23/86	CREECH DEVELOPMENT CORP. 1411 Harpers Road Virginia Beach, VA 23454	Real Estate development Virginia Beach, VA	This period \$ 2,500.00
10/27/86	ECUFIN, INC. 601 Bank of Virginia Building 500 Plume Street East, Norfolk, VA	Water Treatment Business, Norfolk, VA	This period \$ 2,500.00
10/27/86	FRANZ WINDOWS 819 Bluecrash Road Newport News, VA 23604	Window Business Newport News, VA	This period \$ 2,500.00
10/31/86	HENRY'S SEAFOOD INC 3319 Shore Drive Virginia Beach, VA 23451	Seafood business, Va. Beach Va. Beach, VA	This period \$ 1,000.00
10/2/86	KARAGEORGE, S.A. 1312 Kildeer Court Virginia Beach, VA 23451	Hotel/Restaurant Business Va. Beach, VA	This period \$ 5,000.00
10/31/86	LINDQUIST, Vann C. 1541 Hidden Cove Virginia Beach, VA 23454	Homemaker Va. Beach, VA	This period \$ 3,300.00
10/22/86	LYONS, THOMAS J., Jr. P. O. Box 718 Virginia Beach, VA 23451	Real Estate Developer Va. Beach, VA	This period \$ 5,000.00
2/19/86	VIRGINIA OPTOMETRIC ASSOC. PAC Old City Hall, Suite 110 1001 E. Broad Street, VA 23219	Political Action Committee Richmond, VA	This period \$ 1,500.00

TOTAL THIS PERIOD \$ _____
(Complete only if this is last page of Schedule A)

SCHEDULE A ITEMIZATION OF CONTRIBUTIONS OVER \$100

Canada for Lt. Governor

Full Name of Candidate or Committee

Date month, day, year	Contributor's Full Name, Mailing Address, and ZIP Code (List Alphabetically)	Occupation and Principal Place of Business Of Contributions of More Than \$250 In the Aggregate	Amount of Receipt This Period
1/12/87	WILLIS, W. Earl 1411 Cherry Lane Virginia Beach, VA 23464	Hospital Administrator, Virginia Beach, VA <div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$ 700.00
1/12/76	Hotel Roanoke P O Box 12508 Roanoke, VA 24046	Hotel - Roanoke, VA Write-off of old campaign debt <div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$ 800.00
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$
		<div style="border: 1px solid black; padding: 2px; width: fit-content;">Aggregate to Date \$</div>	This period \$

TOTAL THIS PERIOD \$ 33,890.44
(Complete only if this is last page of Schedule A)

SCHEDULE C PART I ITEMIZATION OF LOANS RECEIVED

Canada for Lt. Governor
 Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
TOTAL THIS PERIOD			-0-
(Complete only if this is last page of Schedule C (I))			

PART II ITEMIZATION OF LOANS REPAYED

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
11/8/85	A. J. Canada, Jr. (for United Va. Bank loan) 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A.J. Canada, Jr.	This period \$ 1,000.00
		Aggregate to Date \$	
12/11/85	Central Fidelity Bank 1605 Laskin Road Virginia Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 2,800.00
		Aggregate to Date \$	
12/19/85	Dominion National Bank 1613 Laskin Rd. Virginia Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 1,100.00
		Aggregate to Date \$	
12/24/85	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 750.00
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (II))			

**SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED**

Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (i))			

(CONTINUED)

**PART II
ITEMIZATION OF LOANS REPAYED**

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
12/24/85	United Virginia Bank, Pacific Ave., Va. Beach, VA 23451	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A.J. Canada, Jr.	This period \$ 882.87
		Aggregate to Date \$	
9/15/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, VA. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 690.00
		Aggregate to Date \$	
10/7/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 5,100.00
		Aggregate to Date \$	
10/2 /86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 4,000.00
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (ii))			

**SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED**

Canada for Lt. Governor

Full Name of Candidate or Committee

Date (m, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
			This period \$
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (I))			

(CONTINUED) **PART II
ITEMIZATION OF LOANS REPAYED**

Date (m, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
10/21/86	A. J. Canada, Jr., 1062 Laskin Rd., Va. Beach, VA 23451, Suite 12A (for partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 7,500.00
		Aggregate to Date \$	
10/23/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, VA. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 2,500.00
		Aggregate to Date \$	
10/27/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 7,500.00
		Aggregate to Date \$	
10/31/86	A. J. Canada, Jr., 1062 Laskin Rd., Suite 12A, Va. Beach, VA 23451 (partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A. J. Canada, Jr.	This period \$ 4,000.00
		Aggregate to Date \$	
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (II))			

**SCHEDULE C
PART I
ITEMIZATION OF LOANS RECEIVED**

Joe Canada for Lt. Governor

Full Name of Candidate or Committee

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser of Loan (List Alphabetically)	Occupation and Principal Place of Business Of Lender or Endorser of Loans If More Than \$250 in the Aggregate	Amount of Loan This Period
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
TOTAL THIS PERIOD			
(Complete only if this is last page of Schedule C (I))			

(continued)

**PART II
ITEMIZATION OF LOANS REPAYD**

Date (month, day, year)	Full Name, Mailing Address, and ZIP Code Of Lender or Endorser Repaid	Person Authorizing Repayment And Aggregate Repaid, If Applicable	Amount of Loan Repaid This Period
12/2/86	A. J. Canada, Jr., 1062 Laskin Rd., Va. Beach, VA 23451, Suite 12A, (for partial repayment of loan to A. J. Canada, Jr.)	Sandi Lahouchuc, campaign secretary; partial repayment of loan to A.J.Canada, Jr.	This period \$ 425.00
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
			This period \$
			Aggregate to Date \$
TOTAL THIS PERIOD			38,247.87
(Complete only if this is last page of Schedule C (II))			

SCHEDULE D
OBLIGATIONS REMAINING UNPAID AS OF THIS REPORT
(INCLUDE ALL OUTSTANDING LOANS)

Joe Canada for Lt. Governor

Full Name of Candidate or Committee

Date Contracted (month, day, year)	Obligee's Full Name, Mailing Address, and ZIP Code	Purpose	Amount Of Obligation
1977	A. Joseph Canada, Jr. 1062 Laskin Rd., Suite 12A Virginia Beach, VA 23451	Personal loans due candidate, A. J. Canada, Jr.	11,186.76

TOTAL THIS PERIOD \$ 11,186.76
(Complete only if this is last page of Schedule D)

TARRANCE · HILL · NEWPORT & RYAN

Research for Decisions in Politics, Public Affairs, Media and Health Care

V. Lance Tarrance, Jr.
President
Richard E. Ryan, Ph.D.
Vice President
Corporate/Public Affairs
Frank Newport, Ph.D.
Vice President
Media and Marketing
David B. Hill, Ph.D.
Vice President
Admin. Affairs
Larry J. Freshnock, Ph.D.
Vice President
Health Care
Mary Ruth Bird
Senior Research Associate
Mark D. Richardson
Senior Research Associate
Stephen White, Ph.D.
Computing Systems
Phyllis Maier
Data Services
Beverley Cheatham
Admin. Affairs
William C. McConkey
Admin. Affairs

CONFIDENTIAL MEMORANDUM

TO: JOE CANADA
FROM: V. LANCE TARRANCE, JR. *VLJ*
SUBJECT: VIRGINIA 2ND C.D. SURVEY HIGHLIGHTS
DATE: AUGUST 8, 1986

As you know, Tarrance, Hill, Newport & Ryan conducted a survey in the Virginia 2nd C.D. on August 5-6, 1986. All respondents interviewed (n=400) were part of a fully representative sample based on the district's latest voter registration figures. The maximum potential sampling error associated with a survey of this type is $\pm 4.9\%$.

I would like to briefly summarize some of the key points from this survey.

- You currently lead Owen Pickett by 18 points. More importantly, you have broken that magical level of 50% which is an excellent position to be in with approximately three months to go. In the trial heat ballot test, you are receiving 51%, Owen Pickett receives 33% and 16% are undecided.
- Several other measurements also reveal the sizeable lead you have over Owen Pickett. By a 20 point margin voters feel you can better relate to the average person than Owen Pickett. Additionally, voters choose you as who they trust the most to do the right thing by a similarly large margin. These two findings support the substantial lead you have in the trial heat against Owen Pickett.

These findings are an improvement since our February survey which suggests that the momentum is with the Canada campaign. It should be cautioned, however, that midterm elections such as 1986 traditionally have demonstrated very close elections in open seats such as the Virginia Second. Even though the election looks very good at this time, it most likely will close to a much closer election in the next sixty days or so.

EXHIBIT "C"

TARRANCE · HILL · NEWPORT & RYAN

Research for Decisions in Politics, Public Affairs, Media and Health Care

CONFIDENTIAL MEMORANDUM

TO: CONGRESSMAN BILL WHITEHURST
SENATOR JOHN WARNER

FROM: V. LANCE TARRANCE, JR.

RE: VIRGINIA 2ND C.D. SURVEY RESULTS

DATE: APRIL 10, 1986

The Canada campaign requested that we provide you with an objective and more detached opinion of the situation in the Virginia 2nd Congressional District. Our analysis is based on a panel survey conducted on March 25-27 where we recontacted 273 out of 400 respondents we had originally talked to in an early February survey in the 2nd C.D. Panel surveys are frequently used to determine what change has occurred as a result of a particular event because we can control all of the previous significant variables. The margin of error for this panel survey at the 95% confidence level is approximately $\pm 6\%$.

The following summarizes the major political conclusions from this survey:

- This survey evidenced no major reversal for the Canada campaign as a result of the news about his associations with Clyde Pitchford and Land Bank. Joe Canada continues to lead Owen Pickett in the trial heat ballot test. There was no statistically significant change in the ballot test.

TRIAL HEAT BALLOT TEST

	February Survey (n=273) %	March Panel (n=273) %
Joe Canada	48	44
Undecided	18	17
Owen Pickett	34	39

- However, this controversy appears to have increased the Democrats' awareness of this race. The following data on who the voters trust shows that Canada did not lose support, but that the situation pushed the Democrats for Owen Pickett. This merely

REPUBLICAN PARTY OF VIRGINIA

Donald W. Hullman, Chairman

MEMORANDUM

To: Senator Joe Canada

From: Joe Elton, Executive Director

Date: October 22, 1987

Subject: Request for Legal Assistance

Per your request I have personally researched the issue of your 1986 campaign contributions raised by the Democrats and Moody Stallings. I found the following:

1. The Chief House Counsel for the Republican National Committee, Mr. E. Mark Braden advised me that the transactions as outlined from your congressional campaign are not only legal, but very common in federal elections.
2. I personally contacted the Federal Elections Commission and although it takes at least six weeks for a written opinion they did advise me that they agreed with the RNC Chief Counsel that transactions as outlined from your congressional race are legal and routine.
3. I personally contacted the Federal Elections Commission today and found out that no complaint has been filed against you by any party.
4. Your campaign finance reports were fully disclosed and filed over one year ago with the FEC. When your opponents tried to interest the media by giving them this information some time ago, the media did not find it newsworthy. Now your opponents have called newsconferences, using Democrat elected officials to try to give more credibility to these erroneous charges. They've done this late in the campaign to inject a false issue in a manner that limits your ability to respond. Both William Forrest, RPV Counsel and William Hurd, RPV Treasurer and legal advisor to Republican campaigns agree that this violates any concept of fair campaign practices.

It is my opinion that your opponents have exceeded the bounds of ethical activity and I'm recommending that the party pursue legal action in this case. I've asked our counsel to look into this matter and to advise me on the legal options available.

Hand
delivered
11/20/87

Provided by
Senator Canada

JOE CANADA FOR LT GOVERNOR 01-77 5020
507 NORTH BIRDNECK RD
VIRGINIA BEACH, VA 23451

306400712

PAY TO THE ORDER OF A. JOSEPH CANADA, JR. OCTOBER 31, 1986 ⁶⁸⁻⁴⁷⁷/₅₁₄ 93
FOUR THOUSAND and ⁰⁰/₁₀₀ \$ 4,000.00
DOLLARS

1st AMERICAN
FIRST AMERICAN BANK OF VIRGINIA
VIRGINIA BEACH, VIRGINIA 23462

FOR LOAN REPAYMENT *Sandra M. Johnson*

⑈00005020⑈ ⑆051404778⑆ 02775689⑈ ⑈0000400000⑈

JOE CANADA FOR LT GOVERNOR 01-77 5013
507 NORTH BIRDNECK RD
VIRGINIA BEACH, VA 23451

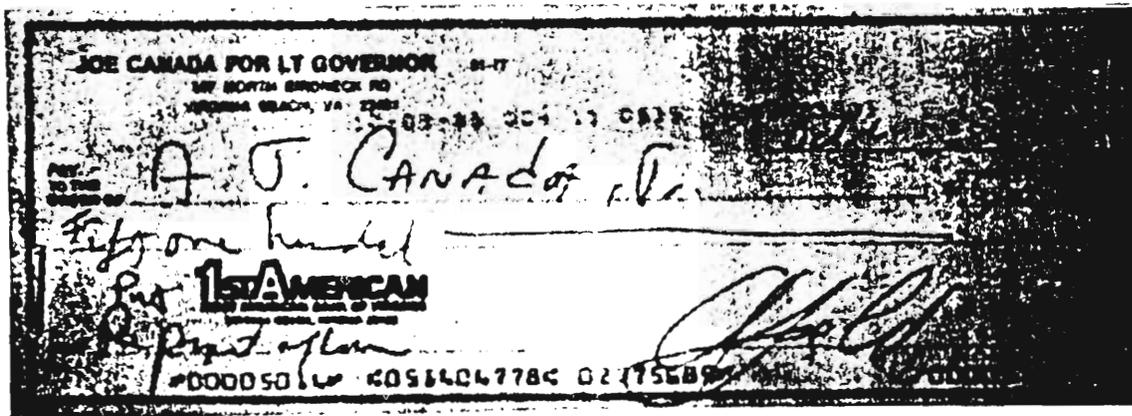
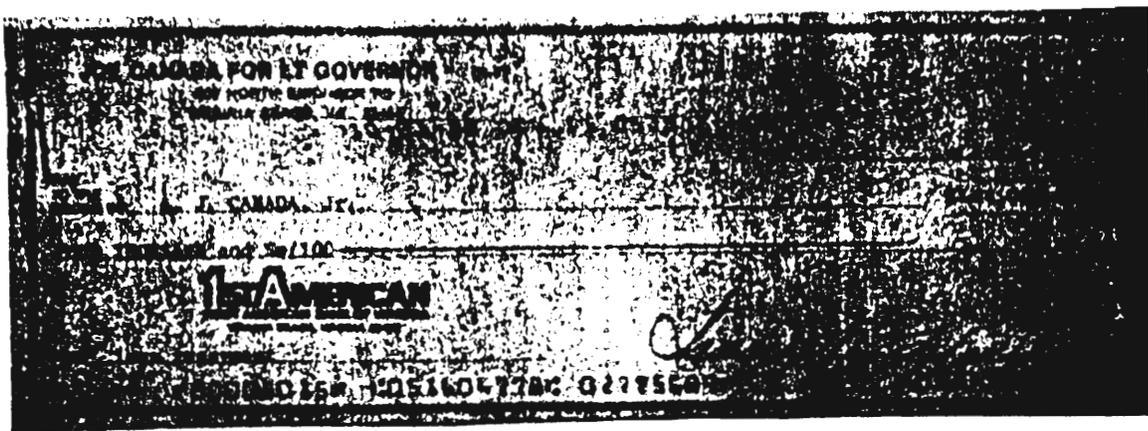
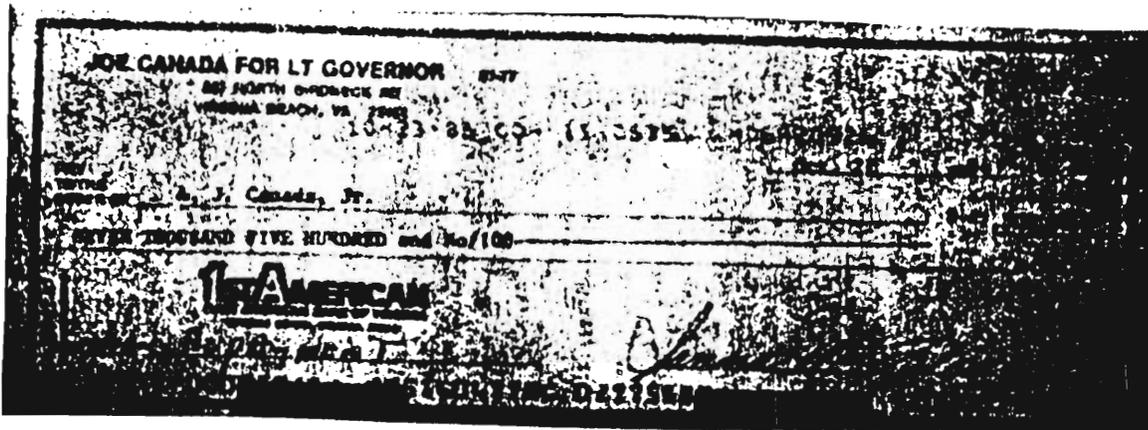
Sept. 14, 1986 ⁶⁸⁻⁴⁷⁷/₅₁₄ 93

PAY TO THE ORDER OF A. J. CANADA, Jr. \$ *690.00
SIX HUNDRED NINETY and No/100 DOLLARS

1st AMERICAN
FIRST AMERICAN BANK OF VIRGINIA
VIRGINIA BEACH, VIRGINIA 23462

FOR _____ *Sandra M. Johnson*

⑈00005013⑈ ⑆051404778⑆ 02775689⑈ ⑈0000069000⑈



SENSITIVE

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

87 DEC -7 AM 9:59

FIRST GENERAL COUNSEL'S REPORT

MUR 2544
Date Complaint Received by OGC
10-22-87
Date of Notification to
Respondents 10-29-87
Staff Maura White Callaway

COMPLAINANT: Democratic Party of Virginia

RESPONDENTS: A. Joseph Canada, Jr.
Canada for Congress Committee '86
John W. Kerr, Jr., as treasurer
Joe Canada for Lt. Governor Committee

RELEVANT
STATUTE: 2 U.S.C. §§ 441b(a), 441a(f), 434(b), 441a(a)(8)

INTERNAL
REPORTS CHECKED: Public Records

FEDERAL
AGENCIES CHECKED: None

I. GENERATION OF MATTER

On October 22, 1987, the Democratic Party of Virginia filed a complaint against A. Joseph Canada, Jr., the Canada for Congress Committee '86, John W. Kerr, Jr., as treasurer, and Joe Canada for Lt. Governor Committee. Notification of the complaint was mailed to the respondents on October 29, 1987.

The complainant alleges that State Senator A. Joseph Canada, Jr. and the Canada for Congress Committee '86 violated the Act by knowingly accepting corporate and individual contributions in excess of \$1,000 "that were purportedly for his 1977 state campaign but that were actually indirect contributions made to influence the outcome of Senator Canada's 1986 federal campaign." Specifically, the complaint and accompanying news articles state

that A. Joseph Canada ran for Lieutenant Governor in 1977 and as of September 1, 1986, was personally owed about \$40,000 by the Joe Canada for Lt. Governor Committee. According to the complainant, the Joe Canada for Lt. Governor Committee received contributions of only \$19,402 during the entire six year period from November 1980 until October 1986 but then, "in an effort described by Senator Canada as one to reduce further the outstanding debts of his 1977 election bid, Senator Canada solicited, and his Lt. Governor Committee accepted, total contributions of \$30,800 during the single month of October 1986.*/" The complainant asserts that at the time the Joe Canada for Lt. Governor Committee accepted the above \$30,800, Senator Canada was the only creditor of his 1977 state campaign. The complainant then notes that Senator Canada was repaid \$30,600 in October 1986 for the loans he had made to his 1977 campaign, and that over a ten day period in October 1986 he contributed \$44,400 in loans to the Canada for Congress Committee '86.

Based upon the foregoing, the complainant states that "the result of these transactions is that individual supporters of Senator Canada were solicited to contribute, and did contribute,

* A copy of the report filed by the Joe Canada for Lt. Governor Committee for the period of November 5, 1985, through January 13, 1987, was appended to the complaint, and discloses the source of the \$30,800 as follows: Armada/Hoffler Enterprises, Inc. (\$2,500); Thomas Coghill (\$4,000); Coastland Corporation (\$2,500); Creech Development Corporation (\$2,500); Ecufin, Inc. (\$2,500); Franz Windows (\$2,500); Henry's Seafood Inc. (\$1,000); S.A. Karageorge (\$5,000); Vann Linguist (\$3,300); and Thomas Lyons, Jr. (\$5,000).

more than \$1,000 each to his 1986 congressional campaign by purporting to provide such sums as contributions to defray the expenses of his 1977 state campaign. Likewise, corporations were solicited and so contributed." The complainant then contends that "Senator Canada and his campaign committee sought to direct contributions to his 1986 campaign through the conduit of his 1977 state campaign in an effort to avoid the dictates of the federal election laws, which provide that all contributions made by a person, either directly or indirectly, on behalf of a candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. 2 U.S.C. § 441a(a)(8)." Furthermore, the allegation is made that "Senator Canada knew that the true purpose behind his solicitation was to circumvent the federal election laws and to receive prohibited corporate and excessive individual contributions to influence his election to federal office."

The complaint continues on to address a "Second Violation" by essentially contending that the contributions to the Joe Canada for Lt. Governor Committee should have been reported by the Canada for Congress Committee '86 because they were for the purpose of influencing a federal election. The complaint asserts that in a news article Senator Canada acknowledged appealing for contributions to retire the 1977 debts in order to remove them as a possible campaign issue during the 1986 election. Thus, the

complainant argues that "the contributions were solicited for the purpose of influencing the 1986 federal election by removing a potential campaign issue from the consideration of the voters and placing Senator Canada in a more favorable light."

On November 17, 1987, a response was submitted on behalf of the respondents in this matter. On November 20, 1987, staff of this Office met with Senator Canada who at that time supplemented the response with additional documentation. Senator Canada also stated that the Secretary of State's office in Virginia was processing his request for copies of his reports to the State of Virginia. A representative of Senator Canada subsequently informed staff of this Office that she was forwarding a copy of a state report filed by the Joe Canada for Lt. Governor Committee, but that the remaining reports would take the State of Virginia several months to provide. This Office is in the process of reviewing the response submitted and will submit a report to the Commission containing recommendations shortly.

Lawrence M. Noble
General Counsel

Date

12/4/87

BY:


Lois G. Lerner
Associate General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
 GENERAL COUNSEL

FROM: *MWE* MARJORIE W. EMMONS/JOSHUA MCFADDEN *JM*

DATE: DECEMBER 8, 1987

SUBJECT: MUR 2544 - FIRST GENERAL COUNSEL'S REPORT
 SIGNED DECEMBER 4, 1987

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The above-captioned matter was received in the Office of the Secretary of the Commission Monday, December 7, 1987 at 9:59 A.M. and circulated to the Commission on a 24-hour no-objection basis Monday, December 7, 1987 at 4:00 P.M.

There were no objections received in the Office of the Secretary of the Commission to the First General Counsel's Report at the time of the deadline.

BEFORE THE FEDERAL ELECTION COMMISSION

88 FEB -9 AM 11:36

In the Matter of)	
)	
A. Joseph Canada, Jr.;)	MUR 2544
Canada for Congress Committee '86;)	
John W. Kerr, Jr., as treasurer;)	
Joe Canada for Lt. Governor)	
Committee)	

SENSITIVE
EXECUTIVE SESSION
FEB 23 1988

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On October 22, 1987, the Democratic Party of Virginia filed a complaint against A. Joseph Canada, Jr., the Canada for Congress Committee '86, John W. Kerr, Jr., as treasurer, and Joe Canada for Lt. Governor Committee. Notification of the complaint was mailed to the respondents on October 29, 1987. A First General Counsel's Report containing no recommendations was circulated to the Commission on December 7, 1987.

II. FACTUAL AND LEGAL ANALYSIS

(A) The Facts

The complainant alleges that State Senator A. Joseph Canada, Jr. and the Canada for Congress Committee '86 violated the Act by knowingly accepting corporate and individual contributions in excess of \$1,000 "that were purportedly for his 1977 state campaign but that were actually indirect contributions made to influence the outcome of Senator Canada's 1986 federal campaign." Specifically, the complaint and accompanying news article state that A. Joseph Canada, Jr. ran for Lieutenant Governor in 1977 and as of September 1, 1986, was personally owed about \$40,000 by the Joe Canada for Lt. Governor Committee. According to the complainant, the Joe Canada for Lt. Governor Committee received contributions of only \$19,402 during the entire six year period

from November 1980 until October 1986 but then, "in an effort described by Senator Canada as one to reduce further the outstanding debts of his 1977 election bid, Senator Canada solicited, and his Lt. Governor Committee accepted, total contributions of \$30,800 during the single month of October 1986."^{1/} The complainant asserts that at the time the Joe Canada for Lt. Governor Committee accepted the above \$30,800, Senator Canada was the only creditor of his 1977 state campaign. The complainant then notes that Senator Canada was repaid \$30,600 in October 1986 for the loans he had made to his 1977 campaign,^{2/} and that over a ten day period in October 1986 he contributed \$44,400 in loans to the Canada for Congress Committee '86.

Based upon the foregoing, the complainant states that "the result of these transactions is that individual supporters of Senator Canada were solicited to contribute, and did contribute,

^{1/} A copy of the report filed by the Joe Canada for Lt. Governor Committee for the period of November 5, 1985, through January 13, 1987, was appended to the complaint, and discloses the source of the \$30,800 as follows: Armada/Hoffler Enterprises, Inc. (\$2,500); Thomas Coghill (\$4,000); Coastland Corporation (\$2,500); Creech Development Corporation (\$2,500); Ecufin, Inc. (\$2,500); Franz Windows (\$2,500); Henry's Seafood Inc. (\$1,000); S.A. Karageorge (\$5,000); Vann C. Linguist (\$3,300); and Thomas Lyons, Jr. (\$5,000).

^{2/} The report filed by the Joe Canada for Lt. Governor Committee for the period November 5, 1985, through January 13, 1987, disclosed loan repayments to Senator Canada as follows: November 8, 1985 (\$1,000); December 11, 1985 (\$2,800); December 19, 1985 (\$1,100); December 24, 1985 (\$750); December 24, 1985 (\$882.87); September 15, 1986 (\$690); October 7, 1986 (\$5,100); October 2, 1986 (\$4,000); October 21, 1986 (\$7,500); October 2, 1986 (\$2,500); October 27, 1986 (\$7,500); October 31, 1986 (\$4,000); and, December 2, 1986 (\$425).

more than \$1,000 each to his 1986 congressional campaign by purporting to provide such sums as contributions to defray the expenses of his 1977 state campaign. Likewise, corporations were solicited and so contributed." The complainant then contends that "Senator Canada and his campaign committee sought to direct contributions to his 1986 campaign through the conduit of his 1977 state campaign in an effort to avoid the dictates of the federal election laws, which provide that all contributions made by a person, either directly or indirectly, on behalf of a candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. 2 U.S.C. § 441a(a)(8)." Furthermore, the allegation is made that "Senator Canada knew that the true purpose behind his solicitation was to circumvent the federal election laws and to receive prohibited corporate and excessive individual contributions to influence his election to federal office."

The complaint continues on to address a "Second Violation" by essentially contending that the contributions to the Joe Canada for Lt. Governor Committee should have been reported by the Canada for Congress Committee '86 because they were for the purpose of influencing a federal election. The complaint asserts that in a news article Senator Canada acknowledged appealing for contributions to retire the 1977 debts in order to remove them as

a possible campaign issue during the 1986 election. Thus, the complainant argues that "the contributions were solicited for the purpose of influencing the 1986 federal election by removing a potential campaign issue from the consideration of the voters and placing Senator Canada in a more favorable light."

On November 17, 1987, a response was submitted on behalf of the respondents in this matter (Attachment 1). On November 20, 1987, staff of this Office met with Senator Canada who at that time supplemented the response with additional documentation. (Attachment 1).

The response submitted by the respondents explains that a significant debt resulted from the 1977 campaign for Lieutenant Governor and that Senator Canada "worked to put the money into the campaign and pay the vendors over a period of years." According to the response, Senator Canada personally "put a significant amount of money into the Lt. Governor's campaign" and the "debt was reduced over the years as it was originally Sixty [sic] some thousand dollars." Attached to the response were copies of two reports filed with the Commonwealth of Virginia by the Joe Canada for Lt. Governor Committee. One report covers the period of November 7, 1978, through November 5, 1979, and discloses the balance on outstanding loans from Senator Canada as totalling \$73,208.37.^{3/} The report also disclosed unpaid obligations in the amount of \$21,905.76. The second report

^{3/} One section of the report lists the "Aggregate to Date" amount of loans received from Senator Canada as \$62,351.69 while another section adds the \$62,351.69 with \$10,856.68 lent by Senator Canada on December 10, 1978.

covers the period of November 5, 1985, through January 13, 1987, and is the same as the report appended to the complaint. The report discloses \$11,186.76 in "personal loans due candidate, A.J. Canada, Jr.," and loan repayments to Senator Canada for this period totalling \$38,247.87.^{4/}

The response from Senator Canada notes that at the start of his bid for Congress in 1985, the debt owed to him by the Lt. Governor's campaign was approximately \$50,000.^{5/} See footnote 4. The response states that because the polls indicated that the Senator would win the race some of his supporters "thought that the Lt. Governor's debt should be retired and they contributed to that endeavor." According to the response, approximately \$30,000 was received in September and October of 1986, and all checks received were made payable to, and deposited into, the account of the Joe Canada for Lt. Governor Committee. As documentation that the repayment from the Joe Canada for Lt. Governor Committee went to Senator Canada personally, the Senator provided copies of seven checks totalling \$32,290. The checks were all written between September 14, 1986, and October 31, 1986.

The response states further that Senator Canada contributed approximately \$44,000 to the congressional campaign during its

^{4/} The "Loan Account Balance" from the previous report was disclosed as \$49,434.63.

^{5/} Senator Canada filed a Statement of Candidacy on August 29, 1985.

last weeks because the Senator felt it was necessary to purchase more television time. It is the position of the Senator that the monies he contributed to the Canada for Congress Committee '86 were his, and that he was "legally allowed to contribute this money."^{6/}

A review of reports filed by the Canada for Congress Committee '86 has revealed that the following loans were reported as received from Senator Canada:

<u>Date</u>	<u>Amount</u>
April 20, 1986	\$1,000 (Primary)
October 21, 1986	\$25,000 (General)
October 23, 1986	\$4,000 (General)
October 24, 1986	\$2,400 (General)
October 27, 1986	\$5,000 (General)
October 28, 1986	\$2,000 (General)
October 31, 1986	\$6,000 (General)
December 3, 1986	\$1,225 (General)
Total:	\$46,625 ^{7/}

^{6/} Senator Canada's response calls attention to a legal opinion he received concerning the transactions at issue herein. Appended to the response was a memorandum to Senator Canada dated October 22, 1987, from the Executive Director of the Republican Party of Virginia. The memorandum addresses "your 1986 campaign contributions raised by the Democrats and Moody Stallings," and states that the NRC's Chief Counsel advised that "the transactions as outlined from your congressional campaign are not only legal, but very common in federal elections."

^{7/} In an amendment to the 1986 Post-General Election Report dated February 23, 1987, the Finance Director of the Canada for Congress Committee '86 informed the U.S. House of Representatives that all the candidate loans that were reported on Schedule C on both the Post-General and Year-End Reports were made by the candidate from his personal funds. The amendment acknowledged that originally the loans had not been separately listed on line 13a.

The amount owed Senator Canada by the Canada for Congress Committee '86 as of the 1987 Mid-Year Report is \$0 reflecting the repayment of \$1,400 and the settlement of \$45,225.

During a meeting with staff of this Office on November 20, 1987, Senator Canada stated that due to the complicated nature of his finances he could not say with certainty that the funds used to make the above loans were the same funds he received in repayment from the Joe Canada for Lt. Governor Committee^{8/}, but noted that he made the above \$25,000 loan on October 21, 1986, after selling a painting he owned for \$30,000.^{9/}

(B) The applicable law

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for a corporation to make a contribution or expenditure in connection with a federal election and it is unlawful for a political committee knowingly to accept or receive any contribution from a corporation.

As set forth at 2 U.S.C. § 441a(a)(1)(A), no person shall make contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed \$1,000. It is also unlawful for a candidate or political committee knowingly to accept any

^{8/} The news article appended to the complaint reported as follows: "Canada said the money he loaned his campaign came from personal funds, and not money contributed to his 1977 lieutenant governor account. Even if they were related, Canada said, the transactions violated no law."

^{9/} At this meeting, Senator Canada stated that he and his wife kept separate bank accounts.

contribution prohibited under 2 U.S.C. § 441a. 2 U.S.C. § 441a(f).

For purposes of the limitations imposed by Section 441a, all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to such candidate, shall be treated as contributions from such person to such candidate. The intermediary or conduit shall report the original source and the intended recipient of such contribution to the Commission and to the intended recipient.

Pursuant to 2 U.S.C. § 434(b), a political committee is required to report all receipts and disbursements.

The term "personal funds" means (1) any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest. (2) Salary and other earned income from bona fide employment; dividends and proceeds from the sale of the candidate's stocks or other investments; bequests to the candidate; income from trusts established before candidacy; income from trusts established by bequest after candidacy of which the candidate is the beneficiary; gifts of a personal nature which had been customarily received prior to candidacy; proceeds from lotteries and similar legal games of chance.

(C) Application of the law to the facts

The information in hand indicates that prior to his federal candidacy, Senator Canada loaned over \$62,000 to his 1977 campaign for Lieutenant Governor, and that after he became a federal candidate he sought repayment of the remaining approximately \$50,000 owed him by soliciting contributions to the Joe Canada for Lt. Governor Committee. During October 1986, the Joe Canada for Lt. Governor Committee received \$30,800 as a result of these solicitations and repaid Senator Canada \$30,600. Thus, the subsequent loan of \$44,400 by Senator Canada to the Canada for Congress Committee '86 during October 1986 may have constituted some, or all, of the loan repayments as well as the proceeds from the sale of artwork.

The above circumstances raise the question of whether the funds loaned to the Canada for Congress Committee '86 by Senator Canada constitute "contributions" under the Act from those who contributed to the Joe Canada for Lt. Governor Committee. In the view of this Office the fact that the debt owed by the Joe Canada for Lt. Governor Committee remained unpaid in large part for many years, and the fact that it was only after Senator Canada became a federal candidate that a concerted effort was made to retire the debt, provides a basis for finding reason to believe in order to investigate whether the funds donated to the Joe Canada for Lt. Governor Committee were in fact contributed for

the purpose of influencing a federal election. Although one contributor to the Joe Canada for Lt. Governor Committee is reported to have said he gave the money because Senator Canada said "he wanted to end the year debt-free," the following was also reported, thereby suggesting that the purpose of the solicitation may have been to provide funding to the Canada for Congress Committee '86: "'Near the end of a campaign, you always feel like if you had a little bit more money, you could do a little bit more,' Canada said. 'So I gathered money - my own money - and I put it in.'" Thus, based upon the foregoing, and the fact that Senator Canada appears to have played a role in the solicitations, it is the recommendation of this Office that the Commission find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John Kerr, Jr., as treasurer, violated: 2 U.S.C. § 441a(f) by accepting excessive contributions from Thomas E. Coghill, S.A. Karageorge, Vann C. Lindquist, and Thomas Lyons, Jr.; and, 2 U.S.C. § 441b(a) by accepting contributions from Armada/Hoffler Enterprises, Inc., Coastland Corporation, Creech Development Corporation, Franz Windows, Henry's Seafood, Inc., and Ecufin, Inc.^{10/} It is also recommended that the Commission find reason to believe the Canada

^{10/} A review of reports filed by the Canada for Congress Committee '86 indicates that Thomas E. Coghill and S.A. Karageorge made general election contributions totalling \$997 and \$1,000, respectively. Due to a difference in occupations and the suffix, Jr., it is not clear whether Thomas J. Lyons, Jr. also contributed to the Canada for Congress Committee '86 for the general election.

for Congress Committee '86 and John Kerr, Jr., as treasurer, violated 2 U.S.C. § 434(b) by failing to report the receipt of the above contributions.

As to the Joe Canada for Lt. Governor Committee, through which the funds at issue passed, no recommendation is being put forth at this time until the information requested in the attached questions is obtained.

III. RECOMMENDATIONS

1. Find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John Kerr, Jr., as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(f).
2. Find reason to believe the Canada for Congress Committee '86 and John Kerr, Jr., as treasurer, violated 2 U.S.C. § 434(b).
3. Approve the attached letters, questions, and request for documents.

Lawrence M. Noble
General Counsel

Date 2/5/88

By: 
Lois G. Lerner
Associate General Counsel

Attachments

1. Response
2. Proposed letters (2), questions, and request for documents

Staff Person: Maura Callaway

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

MEMORANDUM TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / JOSHUA MCFADDEN *JM*

DATE: FEBRUARY 10, 1988

SUBJECT: OBJECTIONS TO MUR 2544 - General Counsel's Report
Signed February 5, 1988

The above-captioned document was circulated to the Commission on Tuesday, February 9, 1988 at 4:00 P.M.

Objections have been received from the Commissioners as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____ X _____
Commissioner Josefiak	_____ X _____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Thomas	_____

This matter will be placed on the Executive Session agenda for February 23, 1988.

Please notify us who will represent your Division before the Commission on this matter.

0304069319

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
A. Joseph Canada, Jr;)
Canada for Congress '86;) MUR 2544
John W. Kerr, Jr., as treasurer;)
Joe Canada for Lt. Governor)
Committee)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of February 23, 1988, do hereby certify that the Commission took the following actions with respect to MUR 2544:

1. Failed in a vote of 3-3 to pass a motion to
 - a) Find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John Kerr, Jr., as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(f).
 - b) Find reason to believe the Canada for Congress Committee '86 and John Kerr, Jr., as treasurer, violated 2 U.S.C. § 434(b).
 - c) Approve the letters, questions, and request for documents as recommended in the General Counsel's report dated February 5, 1988.

Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion; Commissioners Aikens, Elliott, and Josefiak dissented.

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Federal Election Commission
Certification for MUR 2544
February 23, 1988

Page 2

2. Decided by a vote of 6-0 to close the file
in MUR 2544.

Commissioners Aikens, Elliott, Josefiak,
McDonald, McGarry, and Thomas voted
affirmatively for the decision.

Attest:

2/24/88

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

March 8, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Thomas McCandlish, Campaign Counsel
Democratic Party of Virginia
1001 E. Broad Street
Suite LL25
Richmond, Virginia 23219

RE: MUR 2544

Dear Mr. McCandlish:

The Federal Election Commission has reviewed the allegations contained in your complaint dated October 22, 1987. On February 23, 1988, the Commission considered your complaint, but was equally divided on whether to find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John W. Kerr, Jr., as treasurer, violated the Federal Election Campaign Act of 1971, as amended. Accordingly, on February 23, 1988, the Commission closed the file in this matter. Enclosed please find a copy of the General Counsel's Report in this matter. A copy of a Statement of Reasons adopted by the Commission explaining the divided vote will be sent to you shortly.

The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

If you have any questions, please contact Maura White Callaway, the staff member assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosures
General Counsel's Report
and Certification



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

The Honorable A. Joseph Canada, Jr.
1062 Laskin Road
Suite 12A
Virginia Beach, VA 23451

RE: MUR 2544
Senator A. Joseph Canada, Jr.

Dear Mr. Canada:

On October 29, 1987, the Federal Election Commission notified you of a complaint alleging that you had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

On February 23, 1988, the Commission considered the complaint but was equally divided on whether to find reason to believe you violated 2 U.S.C. §§ 441a(f) and 441b(a). Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Please send such materials to the General Counsel's Office.

If you have any questions, please direct them to Maura White Callaway, the staff member assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in cursive script, appearing to read "Lois G. Lerner".

BY: Lois G. Lerner
Associate General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 8, 1988

Joe Canada for Lt. Governor
Committee
1062 Laskin Road
Suite 12A
Virginia Beach, Virginia 23451

RE: MUR 2544
Joe Canada for Lt. Governor
Committee

Dear Sir or Madam:

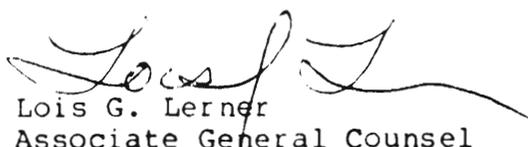
On October 29, 1987, the Federal Election Commission notified the Joe Canada for Lt. Governor Committee ("Committee") of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On February 23, 1988, the Commission considered the allegations in the complaint and the response submitted by Senator Canada and closed its file in this matter. This matter will become a part of the public record within 30 days. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

If you have any questions, please direct them to Maura White Callaway, the staff member assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: 
Lois G. Lerner
Associate General Counsel



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 8, 1988

John W. Kerr, Jr., Treasurer
Canada for Congress Committee '86
1061 Laskin Road
Suite 12A
Virginia Beach, VA 23451

RE: MUR 2544
Canada for Congress
Committee '86; John W. Kerr,
as treasurer

Dear Mr. Kerr:

On October 29, 1987, the Federal Election Commission notified you of a complaint alleging that the Canada for Congress Committee '86 and you, as treasurer, had violated certain sections of the Federal Election Campaign Act of 1971, as amended.

On February 23, 1988, the Commission considered the complaint but was equally divided on whether to find reason to believe the Canada for Congress Committee '86 and you, as treasurer, violated 2 U.S.C. §§ 441a(f), 441b(a), and 434(b). Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days. Should you wish to submit any materials to appear on the public record, please do so within ten days of your receipt of this letter. Please send such materials to the General Counsel's Office.

If you have any questions, please direct them to Maura White Callaway, the staff member assigned to this matter at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in cursive script, appearing to read "Lois G. Lerner", is written over a horizontal line.

BY: Lois G. Lerner
Associate General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
A. Joseph Canada, Jr.;)
Canada for Congress Committee '86;) **MUR 2544**
John W. Kerr, Jr., as treasurer;)
Joe Canada for Lt. Governor)
Committee)

**STATEMENT OF REASONS
COMMISSIONER LEE ANN ELLIOTT**

On February 23, 1988, I declined to find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John Kerr, Jr., as treasurer, violated 2 U.S.C. §§ 441b(a) and 441a(f), and the Canada for Congress Committee '86 and John Kerr, Jr., as treasurer, violated 2 U.S.C. § 434(b).

In 1977, Virginia Senator A. Joseph Canada, Jr. ran for Lieutenant Governor of Virginia. As of September 1, 1986, the Joe Canada for Lt. Governor Campaign Committee still owed the candidate approximately \$40,000 for money he loaned the committee during the course of that campaign. In 1986, the Lt. Governor Committee accepted \$30,800 in contributions to defray its 1977 campaign debts. In October of 1986, the Lt. Governor Committee repaid Senator Canada \$30,600 for the loans he had made to his 1977 campaign.

Also in 1986, Senator Canada organized the "Canada for Congress Committee '86" to run for United States Congress in the Second District of Virginia. In October, 1986, Senator Canada loaned this federal committee \$44,400.

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According to the complainant, these facts prove the Canada for Congress Committee '86 violated the Federal Election Campaign Act by knowingly accepting prohibited and excessive contributions "that were purportedly for his 1977 state campaign but that were actually indirect contributions to his...1986 federal campaign." I disagree.

A federal candidate may make unlimited contributions to his federal committee from his own "personal funds." Buckley v. Valeo, 424 U.S. 1, 51-54 (1976); 11 CFR § 110.10(a). The term "personal funds" includes "any assets which, under applicable state law, at the time he or she became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had either: (i) legal and rightful title, or (ii) an equitable interest." 11 CFR § 110.10(b).

The repayment of this indisputably legitimate debt owed to Senator Canada by his state committee constitutes his "personal funds." Senator Canada incurred that debt prior to his 1986 campaign and had complete legal and rightful title in its receipt.

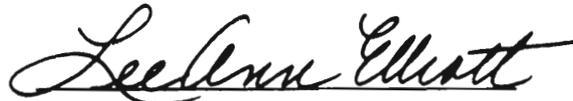
This result holds true irrespective of (1) the intent of the state contributors or (2) what the candidate ultimately choose to do with his money upon receipt. First, nothing in the definition of "personal funds" disqualifies money legitimately repaid to a candidate from a prior state committee that is actively soliciting contributions to retire its debts. Simply stated, if money is rightfully owed to a candidate, its repayment constitutes his "personal funds." An individual contributor's intent cannot change this legal result or turn this otherwise lawful act into an unlawful one.

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Second, the law of "personal funds" centers on money over which the candidate has complete dominion and control. After receiving this repayment from his state committee, Senator Canada was free to dispose of it as he pleased. Senator Canada could have used the money to purchase a boat, take a vacation, or make a contribution to his federal committee. Any one of these three examples involve the disposition of personal funds--and the third example is expressly permitted by the Federal Election Campaign Act.

While the complainant believes the cumulative effect of these actions contravened the spirit of federal election laws, these facts did not present a violation of the Federal Election Campaign Act. These facts only required an application of the settled law of "personal funds" established in Buckley and clearly adopted in our regulations.

April 13, 1988


Lee Ann Elliott
Commissioner

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)	
)	
A. Joseph Canada, Jr.;)	MUR 2544
Canada for Congress Committee '86;)	
John W. Kerr, Jr., as treasurer;)	
Joe Canada for Lt. Governor)	
Committee)	

STATEMENT OF REASONS

On February 23, 1988, the Federal Election Commission declined to approve, by a vote of three to three, the recommendations of the Office of General Counsel to find reason to believe A. Joseph Canada, Jr., the Canada for Congress Committee '86, and John Kerr, Jr., as treasurer, violated 2 U.S.C. §§441b(a) and 441a(f), and the Canada for Congress Committee '86 and John Kerr, Jr., as treasurer, violated 2 U.S.C. §434(b).

The complaint focused upon three successive events and their cumulative effect: 1) the making of contributions to the candidate's state-candidacy committee; 2) the repaying to the candidate of funds he had loaned to the state-candidacy committee; and 3) the loaning of funds by the candidate to his federal-candidacy committee. The General Counsel's report accompanying the recommendations concluded that these circumstances provided "a basis for finding reason to believe in order to investigate whether the funds donated to the Joe Canada for Lt. Governor Committee were in fact contributed for the purpose of influencing a federal election."

We opposed the recommendations to find 'reason to believe' these transactions resulted in violations of the Federal Election Campaign Act, and agree with Commissioner Elliott's Statement of Reasons that these activities were legal and permissible. We share the concern of those Commissioners who supported the General Counsel's recommendations, however, in viewing the difficult facts presented by this matter. We recognize that the cumulative and practical effect of these actions may seem contrary to the general purposes of federal election law. This separate statement discusses the important legal principles, well illustrated by these circumstances, that necessarily limit the Commission's jurisdiction and preclude a finding of violations.

1. DECIDING THE CENTRAL ISSUE AS A MATTER OF LAW

The complaint and the General Counsel's recommendations were premised upon the legal assumption that the contributions to the state-candidacy committee would constitute 'federal' contributions within the meaning of the Federal Election Campaign Act if the underlying intent or indirect purpose of the contributors to the state-candidacy committee was to 'influence' federal elections.

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Page Two

In our opinion, however, that approach failed to acknowledge the separate legal consequences of these events, and improperly sought to attach Commission jurisdiction to objectively non-federal activity solely by imputing secondary motives to those engaging in it.

We concluded as a matter of law that the contributions to the state-candidacy committee were not contributions "for the purpose of influencing a federal election" within the meaning of the Act. Our conclusion did not turn on the sufficiency or insufficiency of the evidence as to the 'true intent,' or any secondary motives or expectations, of the contributors to the state-candidacy committee.

The state-candidacy committee does not appear to have engaged in federal political activity at any time, and the committee's repayment of the candidate loan was not itself a "contribution" or "expenditure" under the Act. The state-candidacy committee was entitled to raise funds pursuant to state law, and contributors were entitled to give to it, outside the prohibitions and limits placed upon contributions to federal "political committees." Furthermore, the federal candidate was entitled to receive repayment from the state-candidacy committee of the funds he had loaned to it, and was entitled to devote the funds received in such repayment -- his personal funds -- to his federal campaign.

These facts demonstrate that the candidate, his federal-candidacy committee, his state-candidacy committee and the contributors to the state-candidacy committee each engaged in activity that was legally separate and separately legal. The Commission has no legitimate basis for asserting jurisdiction on these facts, or for imposing a cloud of illegality upon these events, because of their cumulative effect, even if that effect was or could have been anticipated by those involved.

II. IDENTIFYING A CONTRIBUTION SOLELY ON THE BASIS OF 'INTENT'

Contributor 'intent' does not alone determine whether a payment or donation to a person or group is a contribution within the meaning of the Act. Donor intent may be misguided or misplaced; the recipient of a contribution arguably made "for the purpose of influencing a federal election" may not be engaged in federal election activity recognized as within the Act's jurisdiction (making "contributions" or expenditures" in support of federal candidates) nor holding itself out to be engaged in such activity in solicitations for funds. Practical application of the Act necessarily demands that "contributions" within its jurisdiction have an objectively and legally recognizable 'federal object' and not just a subjectively determined 'federal intent.'

For example, a contribution to the National Wildlife Foundation made in the earnest belief that the donation would influence a federal election would not be a "contribution" under the Act. This would be

STATEMENT OF REASONS -- MUR 2544
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true even if it could be demonstrated that the Foundation had some tangential effect upon particular elections to federal office (perhaps through candidate endorsements by individual officers or independent volunteer activity by its members). The Foundation would not itself become subject to the Act's jurisdiction for that type of incidental, non-organizational activity by its members, regardless of how well-known such activity was to the Foundation's supporters. Unless the Foundation itself engaged in activity constituting "contributions" to, or "expenditures" on behalf of, federal candidates or committees that support federal candidates, the Foundation would not be required to register or report as a "political committee." Donations to the Foundation would not be "contributions" under the Act, irrespective of contributor 'intent' or expectations, unless the Foundation engaged in activity of which the Act would take cognizance (or, perhaps, solicited contributions for such activity).

A "contribution" under the Act must ultimately be directed to a federal 'object': a federal candidate, a committee or other 'person' making expenditures on behalf of a federal candidate, or a committee or other 'person' making contributions to federal candidates or committees.

III. RECEIPT OF A CONTRIBUTION

A "contribution" must be made in contemplation of receipt by a federal candidate or committee of "something of value" that constitutes a "contribution" within the Act's definitions. To find receipt of a "contribution," the federal candidate or committee must generally be found to have received "something of value" for which it has not 'paid' or otherwise provided equivalent value, or to which it is not otherwise legally entitled -- a 'donation.'

Contributions typically result in actual receipt by the candidate or committee, as when a contribution check is given. Receipt may also be constructive, as when an in-kind contribution results from an expenditure undertaken in cooperation with a candidate or committee. Receipt may arguably be merely 'potential,' as when contributions are solicited for the purpose of the recipient itself engaging in federal political activity, by which the recipient becomes a federal "political committee," whether or not the funds actually are devoted to "contributions" or "expenditures" in support of federal candidates by the recipient. In any case, however, "contributions" under the Act presume a federal candidate or committee is to receive contributions.

In this matter, the General Counsel's analysis focused upon the first and last events in the succession: the contributions to the state-candidacy committee and the candidate's donation of his personal funds to his federal-candidacy committee. The analysis failed to recognize that the crucial step in the process was that transaction

STATEMENT OF REASONS -- MUR 2544

Page Four

which directly accrued to the candidate: the repayment of the candidate's loan by his state-candidacy committee. A federal candidate's receipt of funds would normally be a sufficient basis for an allegation that a contribution had effectively been made to his campaign; the candidate's subsequent donation of the funds to his campaign would not have to be explicit to support the allegation, and his actual donation would be legally irrelevant.

If a "contribution" to a federal candidate is to be found in the facts presented by this case, therefore, it must be identified at the point of the repayment by the state-candidacy committee of the candidate's loan. The legitimacy and legal effect of the repayment of the loan is not disputed, however. The payment of a genuinely incurred obligation, even if the payment was willingly forwarded or the debt creating the obligation was somewhat 'stale,' was not a 'donation' by the state-candidacy committee. There is no allegation under these facts that the candidate was paid any amount greater than he was legally entitled to receive from the state-candidacy committee in repayment of his loan. The candidate's receipt of those funds did not constitute his receipt of a "contribution" under the Act.

IV. CONTRIBUTIONS MADE INDIRECTLY

It is certainly true that contributions to federal candidates may be made indirectly. Contributions may be passed through an intermediary, either as a legally reported earmarked contribution by way of a conduit or as an illegally concealed 'contribution in the name of another.' In either case, the steps in the transaction comprise a series of donations, resulting in a contribution under the Act at that step directly accruing to the candidate or committee. Intervening events lack independent legal significance, except to the extent a conduit may also be held to have made a contribution, because each step is merely the passing on of a 'donation.'

In this matter, however, the independent legal significance of the loan repayment breaks any legal notion of causality in the making of a donation. The contributors to the state-candidacy committee could not be said to have donated to the federal candidate if he did not receive a donation from the state-candidacy committee. Moreover, the contributors to the state-candidacy committee could not be said to have contributed with the 'intent' a contribution would be made to the federal candidate if the succeeding transaction contemplated by the contributors was merely the committee's repayment of the loan.

Nor do the circumstances of the loan repayment to the candidate warrant an inference of a fraud or 'sham.' The state-candidacy committee pre-existed the federal candidacy by many years, and had legitimately supported the candidate's state campaign. It was not a 'front' for, nor did it engage in, federal activity. The state-

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Page Five

candidacy committee was in the business of accepting contributions under state law, and its resources for repaying loans would inherently be funds comprised of donations. The committee's right to raise funds to pay debts was not suspended by the candidate's federal campaign, nor was the right of the candidate to accept repayment of the loan diminished.

Furthermore, it would be senseless for a federal candidate to contrive a loan obligation from his state-candidacy committee by donating his personal funds, only so as to be repaid the same amount from funds raised from contributions under state law. Such a 'ruse' generates no new resources -- no donations -- for his federal candidacy.

Significantly, the General Counsel did not recommend that the Commission find violations in the conduct of the state-candidacy committee, for either its repayment to the candidate of the loaned funds or for the receipt of the contributions made to it pursuant to state law, nor did the General Counsel assert that the committee's individual contributors were in violation of federal election laws. The General Counsel did recommend finding the candidate violated the Act because he "appears to have played a role in the solicitations" for the contributions to the state-candidacy committee, as well as recommending that the Commission find violations by the federal-candidacy committee. In no legally meaningful sense, however, can the candidate or his federal-candidacy committee be said to have received contributions from the the state-candidacy committee or its contributors.

7. INQUIRY INTO CONTRIBUTOR INTENT

The Commission may determine that a payment or other "thing of value" provided to a candidate or his federal committee is objectively and legally a "contribution" under the Act despite the stated intent or absent an intent to influence a federal election, such as an alleged 'personal gift' to a federal candidate. The absence of contributor intent is not legally determinative of a transaction that is unavoidably or technically a contribution, nor is the presence of a general 'intent to influence' determinative of a transaction that is objectively incapable of being a contribution under the Act.

Inquiry into contributor intent may be necessary to explain transactions which are legally susceptible to interpretation as 'federal' contributions under the Act, but which are ambiguous or inconclusive as to their precise meaning (as where the intended payee on a contribution check is unclear, or where donor attribution or election designation is uncertain). Contributor intent may illuminate the nature of a contribution, but does not overwhelm the legal effect of a transaction that is objectively not a 'federal contribution.'

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Here, the result of the contributions was non-federal activity (which includes repayment of the candidate loan) by a non-federal committee. The choice to contribute to the state-candidacy committee was not legally ambiguous or inconclusive as to a possible 'federal' purpose, so as to require an inquiry into contributor 'intent,' because the funds were not used for, nor solicited for, "contributions" or "expenditures" under the Act.

No recognizable "purpose of influencing a federal election" can be attributed to a contribution that is given to a genuinely non-federal committee when the contributed funds are to be used by the recipient for a specific and legitimate purpose that does not constitute the making of a contribution or expenditure within the meaning of the Act. The giver's 'intent' that the contributed funds will 'influence' a federal election in an indirect manner does not alone qualify the contributions as 'federal' under the Act, even if the contributor's expectation or subordinate goal is reasonable, as in the example of the National Wildlife Foundation.

Similarly, the Commission does not question the specific intent or 'purpose' behind contributions to federal committees over which it does have general jurisdiction, absent evidence the recipient's activity or solicitations create legal uncertainty as to its purpose. The Commission does not question what election a contributor hopes to influence by a contribution to an unopposed candidate's campaign committee, or to retire the past campaign debts of candidates, or to a potential Senate candidate's House campaign committee, or to a potential presidential candidate's multi-candidate 'leadership' PAC. Such contributions may be made in the justifiable belief that the funds may generally benefit a future or potential political campaign of the candidate associated with the recipient committee, but these contributions carry their own independent legal significance. They are not subject to inquiry of 'real intent' unless the recipient committee is making identifiable expenditures in support of that new candidacy, or solicits contributions for such purposes.

VI. JURISDICTIONAL LIMITS OF FEDERAL ELECTION LAWS

In enforcing the Act, the Commission cannot realistically expect to reach all activity that indirectly affects or influences federal elections, even if such effects are intended. Operating within the scope of our jurisdiction inherently requires application of definitions and thresholds of federal campaign finance activity. Those jurisdictional lines must be capable of being recognized on a reasonably objective basis. We recognize a 'federal purpose' in activity by finding an identifiable 'federal' consequence or effect -- "contributions" or "expenditures" under the Act -- and not by simply imputing a general 'intent to influence' federal elections.

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As a matter of sound regulatory policy, a contributor's act of writing a check payable to a state-candidacy committee must be viewed to constitute its own statement of its intent and purpose, regardless of whatever secondary or subordinate motives may arguably encourage that act. Absent identifiable federal activity by the committee that would jeopardize its non-federal status, the Commission has no legitimate basis for asserting jurisdiction and inquiring into the possible range of 'intent' of its contributors. Without evidence that the recipient committee itself engaged in, or proposed to engage in, federal political activity recognized by the Act, a contribution to a non-federal committee must be afforded its own measure of legal finality as to application of federal election laws.

Our opposition to finding violations under these facts results from giving objective and common sense meaning to the definitions of federal campaign finance activity by which the Act must operate. We believe our view of these transactions was not only legally correct from a 'technical' standpoint, but correct as a matter of reasonable and effective enforcement of the Act. The integrity of federal election law is ultimately undermined, rather than strengthened, if the Commission reads the Act too broadly in asserting jurisdiction and too subjectively in pursuing enforcement.

Thomas J. Josefiak
Chairman

Joan D. Aikens
Commissioner



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2544

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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THE FOLLOWING MATERIAL IS BEING ADDED TO THE
PUBLIC FILE OF CLOSED MUR 2544 .

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LAW OFFICES
A. JOSEPH CANADA, JR.
1062 LASKIN ROAD, SUITE 12A
VIRGINIA BEACH, VIRGINIA 23451
(804) 422-8833

A. JOSEPH CANADA, JR.

March 14, 1988

Federal Election Commission
1325 K Street, N.W.
Washington, D. C. 20463

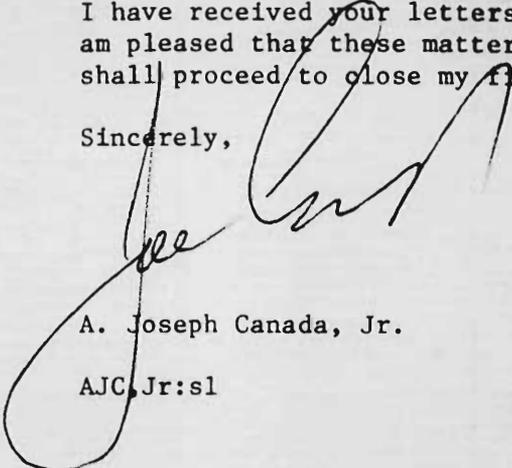
Attention: Lois G. Lerner,
Associate General Counsel

- Re: 1. MUR 2544
Joe Canada for Lt. Governor Committee
2. MUR 2544
Senator A. Joseph Canada, Jr.
3. MUR 2544
Canada for Congress Committee '86;
John W. Kerr, as treasurer

Dear Ms. Lerner:

I have received your letters regarding the above captioned matters and am pleased that these matters are being closed. Accordingly, I, too, shall proceed to close my files on each of the above referenced matters.

Sincerely,


A. Joseph Canada, Jr.

AJC,Jr:sl

RECEIVED
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OFFICE OF GENERAL COUNSEL
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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1988

plm

Thomas McCandlish, Campaign Counsel
Democratic Party of Virginia
1001 E. Broad Street
Suite LL25
Richmond, VA 23219

RE: MUR 2544

Dear Mr. McCandlish:

By letter dated March 8, 1988, the Office of the General Counsel informed you of determinations made with respect to the complaint filed by you against A. Joseph Canada, Jr., the Canada for Congress Committee, and John W. Kerr, Jr., as treasurer. Enclosed with that letter were the General Counsel's Report and Certification.

Enclosed please find Statements of Reasons adopted by the Commission explaining its divided vote. This document will be placed on the public record as part of the file of MUR 2544.

If you have any questions, please contact Maura White Callaway, the staff member assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel

Enclosure
Statements of Reasons

88040712670

plm



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 7, 1988

Thomas McCandlish, Campaign Counsel
Democratic Party of Virginia
1001 E. Broad Street
Suite LL25
Richmond, VA 23219

Re: MUR 2544

Dear Mr. McCandlish:

By letter dated March 8, 1988, the Office of the General Counsel informed you of determinations made with respect to the complaint filed by you against A. Joseph Canada, Jr., the Canada for Congress Committee, and John W. Kerr, Jr., as treasurer. By letter dated April 27, 1988, you were sent copies of Statements of Reasons.

Enclosed is another Statement of Reasons from three Commissioners explaining their vote. This document will be placed on the public record as part of the file of MUR 2544.

If you have any questions, please contact Maura White Callaway, at (202)376-5690.

Sincerely,

Lawrence H. Noble
General Counsel

Enclosure

88040712671