



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

THIS IS THE BEGINNING OF MUR # 2621

DATE FILMED 5/19/89 CAMERA NO. 4

CAMERAMAN J.A.Q.

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88 JUN 15 AM 11:37
FEDERAL ELECTION COMMISSION

Dated 24 May 88.
To: Betha Dixon
Desk Chief
Federal Election Commission
Washington, DC, 20463
Ph. 202-376-3110.

First, I called Murney
24 May 1988 - in regard to your
letter.

First, the first Notary Public
sent, I stated the facts
in closed was true to
the best of my abilities
and I sign the letter
in front of her. She read
said letter of complaint.
In my complaint, I stated
persons I contacted to
get answers in the state
of California, I was
referred to you people,

I have inclosed more
document in form of
my complaint.

My knowledge comes from
articles as written, published
24 May 88
Clarence A. Helleke

89040750173

Dated 24 May 88,
To Hetha Wilson
Deputy Chief
Federal Elections Commissioner
Washington, DC. 20463
Ph. 202-376-3110.
I believe, to the best of my
knowledge, that the facts
stated in the attached
letter are true and correct
and hereby so testify

Clarence R. Hillerke
Date 24 May 88

STAPLE HERE → 8 9 0 4 0 7 5 0 1 7 4

CAT. NO. NN00827
TO 1944 CA (9-84)

TICOR TITLE INSURANCE

(Individual)

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES } ss.

On MAY 24, 1988 before me, the undersigned, a Notary Public in and for
said State, personally appeared CLARENCE R. HILLERKE

_____, personally known to me or
proved to me on the basis of satisfactory evidence to be
the person whose name IS subscribed to the
within instrument and acknowledged that HE ex-
ecuted the same.

WITNESS my hand and official seal.

Signature Patricia H. Gribbin



(This area for official notarial seal)

No. Social Association
General Council
Law Enforcement
Federal Election Commission
999 E. St. N.W.

8 9 0 4 0 7 5 0 1 7 5

Washington D.C. 20463

This is in regards to conversation your Office 9 May 88.
Regarding enclosed Newspaper Article, dated Saturday Aug. 1, 1987.
California Secretary of State Mrs. March Fong Eu.
Her own statement, so states, she violated Federal Election Laws. (Criteria)
The main goal purpose of getting elected to Federal Office.

She is Secretary of State or as follows.
She oversees Legislators Financial Disclosure Statements at State Level.
She certifies Initiative for the Voters to Vote Con.

A firm called, the Fair Political Practice Commission of the State of Cali-
fornia, late July 1988 they said, they could not take action on the matter
because it is Federal Level. There number 1-916-327-5000 have record of
Bill on my phone bill. Because men had to call me back, name was either
Ken or Kenneth.

Enclosed is some of the initiatives as a sample.
The Attorney General, prepares official titles, summary, and is given the
opinion of for or against said initiative.
This as example of, not only has a political interest, he also could
gain financially also to gain that political advantage.
The same goes for the rest of the politicians on initiatives.

This matter is very heavy cloud over the State Election by them in the
State of California.

The article will show, there has been no action, by State
Commission or the State Attorney General Office.

The article states Fund were collected, by which method, U.S. Mail?
And it has left the impression my Vote has been depleted to a big Fat zero.

Including I have permission from reporter to use her article.
Phone 913-744-4000 City Desk.

Thank you.

Please reply in writing.

Clarence R. Billeke
Clarence R. Billeke
135 S. Harbor View Ave.
San Pedro, Ca. 90732
Phone 913 - 855-3247

CAT. NO. NN00827
TO 1944 CA (9-84)

TICOR TITLE INSURANCE

(Individual)

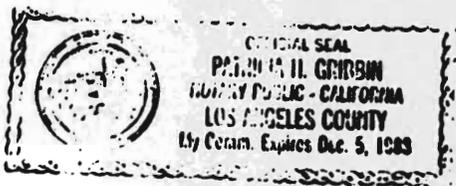
STATE OF CALIFORNIA
COUNTY OF Los Angeles } ss.

On May 10, 1988 before me the undersigned, a Notary Public in and for said State, personally appeared CLARENCE R. HILLEKE

_____, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

Signature Patricia H. Gubler



(This area for official notarial seal)

P 757 522 350
RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

Federal Express
Express Mail
4949 E. ST. NW
Washington, DC

Postage	\$ 1.25
Certified Fee	\$ 5
Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	9/1
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 6.25

PS Form 3800, June 1985

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MAY 10 1988

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Secretary of State

SACRAMENTO 95814

October 31, 1986

Mr. Clarence Hillete
133 South Harbor View
San Pedro, California 90732

Dear Mr. Hillete:

Thank you for your telephone call this morning indicating your concern regarding the article authored by Mr. Van de Kamp which appeared in today's "Metro" section of the Los Angeles Times.

No provision of law precludes Mr. Van de Kamp from publicly stating his views regarding a ballot measure notwithstanding the fact that he is Attorney General and may, if re-elected, be in a position of enforcing its provisions should it pass. It will be up to the courts, ultimately, to interpret Proposition 65 should it be approved by the voters.

Sincerely,

Mark Torgler

MFB:ALM:W

He failed to put a
statement on the
article. However
for respect to
also signed the use
to help in Prop. 65

50177
Mr. Van de Kamp
San Pedro, California
29, 24, 27
29, 24, 27
29, 24, 27

Mr. Torgler

CMH



March Hong Tu
Secretary of State
1230 T Street
Sacramento, California 95814

[Handwritten signature]

Mr. Clarence Hillete
133 South Harbor View
San Pedro, California 90732

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Legislative Campaigns. Spending and Contribution Limits. Partial Public Funding. Initiative Statute

Official Title and Summary Prepared by the Attorney General

LEGISLATIVE CAMPAIGNS. SPENDING AND CONTRIBUTION LIMITS. PARTIAL PUBLIC FUNDING. INITIATIVE STATUTE. Limits political contributions to state legislative candidates per election to \$1,000 from each person, \$2,500 from each organization, and \$5,000 from each "small contributor" political committee, as defined. Establishes Campaign Reform Fund to which individuals may designate up to \$3 annually from income taxes. Provides legislative candidates who receive specified threshold contributions from other sources, and meet additional requirements, may receive with limitation matching campaign funds from Campaign Reform Fund. Establishes campaign expenditure limits for candidates accepting funds from Campaign Reform Fund. Provides civil and criminal penalties for violations. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Annual revenue loss from tax return designation to Campaign Reform Fund is estimated at \$9 million starting in 1988-89. Annual state administrative costs will be about \$1.9 million. Any surplus state campaign funds which exceed \$1 million after the November general election will go back to the state's General Fund. If the amount of matching funds claimed by candidates is more than the amount available in the Campaign Reform Fund, the payment of matching funds is made on a prorated basis.

Analysis by the Legislative Analyst

Background

Federal law limits the amount of money that an individual may give as a political campaign contribution to a candidate for federal elective office and to the candidate's campaign committee. California law generally does *not* impose any similar limits on political campaign contributions. Both federal law and the state's Political Reform Act of 1974, however, require candidates for public office to report contributions they receive and money they and their campaign committees spend.

Federal law permits individuals to designate \$1 of their federal income tax payments to be made available to candidates for President of the United States for use in their political campaigns. California law does not contain any similar provision for direct state funding of campaigns for state elective office. California law, however, does allow a state taxpayer to claim an income tax credit of up to \$50 for political contributions.

Proposal

In summary, this measure:

- Establishes limits on campaign contributions that can be made to all candidates for the State Assembly and the State Senate; and
- Provides state matching funds to these candidates if they agree to comply with limits on spending for their legislative campaigns.

Limits on Campaign Contributions

The measure establishes separate limits for different types of contributors, and imposes other restrictions on campaign contributions.

1. Individual Persons. Contributions from a person to a candidate, or to the candidate's campaign committee, are limited to \$1,000 per election. There also are limitations on contributions to political parties, and to committees not controlled by the candidate. Also, no individual may contribute more than \$25,000, in total, to all legisla-

tive candidates and their campaign committees over a two-year period.

2. Organizations. Contributions from an organization to a candidate, or the candidate's campaign committee, are limited to \$2,500 per election. Other limitations include a \$200,000 limit on the amount that an organization can give, in total, to all legislative candidates and their campaign committees over a two-year period.

3. Small Contributor Political Action Committees. Contributions from these committees to a candidate, or his or her campaign committee, are limited to \$5,000 per election. There also are other limitations including a \$200,000 limit on the amount that each such committee can give, in total, to all legislative candidates and their campaign committees over a two-year period.

4. Other Restrictions.

- Contributions may be made to any candidate for legislative office *only* in those years that the candidate's name appears on the ballot.
- A candidate for the Assembly cannot accept more than \$50,000 in total, per election, from all organizations or small contributor political action committees. The similar limit for a candidate for the Senate is \$75,000.
- Political parties and legislative caucus committees cannot contribute more than \$50,000 to an Assembly candidate for a general election. Also, these groups cannot make contributions for primary or certain special elections. The similar limit for a candidate for the Senate is \$75,000.
- No transfers of funds are permitted between individual candidates or between their campaign committees.
- Legislators and legislative candidates are prohibited from accepting more than \$2,000 in gifts or honoraria from any one source during a two-year period.
- Any person who makes independent expenditures supporting or opposing a legislative candidate is

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CPA

Argument in Favor of Proposition 68

VOTE FOR HONESTY AND INTEGRITY IN GOVERNMENT!

VOTE TO LIMIT CAMPAIGN SPENDING!

VOTE "YES" ON PROPOSITION 68, THE REAL CAMPAIGN REFORM INITIATIVE!

It's time to stop the corrupting influence of money in Sacramento. *Campaign spending has skyrocketed out of control.* Some politicians now spend over a million dollars for an office paying \$37,105.

Where do the politicians get that kind of money? *From a handful of wealthy special interest lobbyists with a financial stake in legislative decisions!* These groups contribute over 80% of all campaign money. Less than 10% of candidates' money comes from residents of their district.

CALIFORNIA'S TAXPAYERS CAN NO LONGER AFFORD A GOVERNMENT CONTROLLED BY SPECIAL INTERESTS. When the lobbyists pay the campaign bills, we pay the price:

- *The state loses billions of dollars a year in tax loopholes for special interests.*
- *Consumers pay hundreds of millions more each year under laws that favor major contributors.*
- *The environment and the public's health and safety are repeatedly sacrificed to the special interests.*

MONEY IS CORRUPTING THE DEMOCRATIC PROCESS! Citizens feel powerless and alienated. The million-dollar campaigns, mudslinging ads, laws based on money, not merit—**IT'S GOT TO STOP NOW!**

THE SOLUTION: PROPOSITION 68 WILL:

- *Limit campaign spending in legislative races. California currently has no laws to stop wasteful spending and end elected officials' dependence on special interest money.*
- *Limit the size of campaign contributions. Money talks. Current law puts no limit on how much big contributors can give.*
- *Prohibit non-election-year fundraising. Legislators should spend their time making laws, not money. Almost all off-year money is given to incumbents by lobbying groups interested in pending legislation. Officeholders outspent their challengers by almost 50:1 in the last election, and NOT A SINGLE INCUMBENT LEGISLATOR WAS DEFEATED!*
- *Allow taxpayers, without increasing their taxes, to voluntarily earmark \$3 to fund campaign reform. For once, you get to tell the politicians how to spend your money, and you*

can have it replace special interest contributions.
SEND A MESSAGE TO SACRAMENTO: IT'S TIME TO SERVE THE PUBLIC, NOT THE SPECIAL INTERESTS.

Proposition 68 is sponsored by a broad coalition of civic and citizens' groups—business, labor, law enforcement, consumers, environmentalists. Proposition 68's proposal for reform has been endorsed by virtually every leading newspaper in California. A *partial list of supporters includes:*

Walter Gerken, Pacific Mutual
Sierra Club
California Council of Churches
Laborers' International Union, AFL-CIO
William Honig, Superintendent of Public Instruction
Mexican American Legal Defense & Educational Fund
Reverend H. H. Brookins
Neil Harlan, Chairman, McKesson Corporation
Planning & Conservation League
Joseph D. McNamara, San Jose Chief of Police
American Association of University Women
Urban League, Sacramento
Common Cause
Congress of California Seniors
Consumers Union
Donald Kennedy, President, Stanford University
California Newspaper Publishers
Southern Christian Leadership Conference, L.A.
Peter Scott, CEO, DiGiorgio Corporation
California Conference of Machinists
Hollywood Women's Political Committee
Edmund "Pat" Brown, Former Governor and
Attorney General
National Council of Jewish Women

VOTE "YES" ON PROPOSITION 68, THE CAMPAIGN REFORM INITIATIVE SPONSORED BY THE CITIZENS OF CALIFORNIA.

CAROL FEDERIGHI
President, League of Women Voters of California
RAOUL TEILHET
Administrative Director, California Federation of Teachers
DANIEL LOWENSTEIN
Professor, UCLA School of Law
Former Chairman, California Fair Political Practices Commission

Rebuttal to the Argument in Favor of Proposition 68

Who can argue against the proponents' attack on skyrocketing campaign spending? Or their outrage over the influence of special interest money?

While we share their outrage, **WE DO NOT BELIEVE TAXPAYER-FINANCED CAMPAIGN SPENDING IS THE SOLUTION.**

Proposition 68 is a badly flawed, loophole-ridden document.

How can we believe Proposition 68 will "end the dependence of elected officials on special interest money" as its backers claim, when its actual provisions allow politicians to use special interest contributions to qualify for matching taxpayer dollars?

How can we believe that Proposition 68 will limit campaign spending, when its actual provisions say its "spending limits" can be legally broken by any candidate who chooses to do so?

The truth is that Proposition 68 proposes to "limit" campaign spending to **TWICE** what was spent in Senate campaigns in 1986 and **THREE TIMES** what was spent in Assembly races.

And Proposition 68 will allow the politicians to vote them-

selves **UNLIMITED** increases in taxpayer-financed campaign spending **WITHOUT A VOTE OF THE PEOPLE.**

Proposition 68 will allow special interest candidates, single issue groups, and extremist organizations to exploit its provisions to use *our* tax dollars for *their* causes.

Let's not make things worse by creating a taxpayer-supported welfare system for the politicians and special interests.

Keep the politicians out of your pocketbook.

VOTE NO ON PROPOSITION 68.

JOHN KEPLINGER
Former Executive Director
California Fair Political Practices Commission

ALICE HUFFMAN
President, Committee to Protect the Political
Rights of Minorities

LEWIS K. UHLER
President, National Tax Limitation Committee

CRAT

Legislative Campaigns. Spending and Contribution Limits. Partial Public Funding. Initiative Statute

68

Argument Against Proposition 68

TAXPAYERS BEWARE!

Proposition 68 is a wolf in sheep's clothing.

Its backers say there's too much special interest money influencing our Legislature. And who can disagree?

What is their solution? They want to use *your* tax dollars to help the politicians pay for *their* campaigns!

Will this reduce the influence of special interests? ABSOLUTELY NOT!

Wealthy interests who can produce large numbers of individual \$250 contributions, for example, will be more influential than ever. (When was the last time *you*—or any other ordinary citizen—made just one \$250 campaign contribution?)

Under Proposition 68, every \$250 check a candidate gets from a doctor, insurance executive, or banker will be matched by \$750 to \$1,250 in tax revenues.

How much will all this cost? It could be as much as \$50,000,000 or \$60,000,000 or even more. And every tax dollar Proposition 68 gives a politician is a dollar the state *won't* be able to spend on our schools, law enforcement, health care and other vital services.

But this is just the beginning. Should Proposition 68 pass, it will give legislators a blank check to vote *themselves* big increases in tax dollars for their campaigns **WITHOUT A VOTE OF THE PEOPLE.**

Worse yet, Proposition 68 will encourage irresponsible extremist groups to run candidates for legislative office—not to win election, but to become eligible for tax dollars to finance their cause.

Proposition 68 makes candidates backed by such groups eligible for *millions* of *your* tax dollars, **NO MATTER HOW REPUGNANT THEIR VIEWS OR HOW FEW VOTES THEY GET AT THE POLLS.**

The supporters of Proposition 68 are well intentioned, but misguided. Their "reforms" will only make a bad system even worse.

Please, **VOTE NO ON PROPOSITION 68!**

JOHN KEPLINGER

Former Executive Director

California Fair Political Practices Commission

Rebuttal to Argument Against Proposition 68

Did you know that you already pay hundreds of dollars every year to finance political campaigns right now?

The special interests who give millions of dollars to pay for political campaigns pass that cost on to you, the consumer. In addition, the special breaks they get for their money cost you hundreds of millions more.

According to newspaper accounts, the tax loopholes the politicians give the special interests cost you billions more every year.

Proposition 68 does not raise taxes one penny!

Our schools, our law enforcement agencies, our health care services are not getting their fair share in Sacramento because they cannot compete with the special interests for the money politicians are handing out.

TEACHERS, SENIORS, CONSUMERS, CIVIC AND BUSINESS GROUPS ALL SUPPORT PROPOSITION 68 BECAUSE THEY ARE LOSING THE BATTLE IN SACRAMENTO RIGHT NOW.

It's time the voters told the politicians where they want their tax dollars spent! Proposition 68 lets you *voluntarily* earmark \$3 to a fund that replaces special interest funding of campaigns. Free of their dependence upon special interests, legislators can stop cutting money from schools and other services to pay for favors to the special interests.

The fund envisioned by Proposition 68 represents about *1/500th* of 1% of the budget. That works out to about 22 cents per person—a good investment.

By the way, Proposition 68 was drafted to ensure that only candidates with broad public support would qualify for funding. *Do not be tricked by the wild claims of our opponents!*

GEOFFREY COWAN

Chair, Common Cause of California

JOHN K. VAN DE KAMP

Attorney General, State of California

BILL HONIG

Superintendent of Public Instruction, State of California

thousand dollars (\$5,000) in a two-year period.

85303. Limitations on Contributions from Political Parties and Legislative Caucuses

No more than a total of fifty thousand dollars (\$50,000) in the case of an Assembly candidate, and a total of seventy-five thousand dollars (\$75,000) in the case of a Senate candidate, for a general election or special runoff election, shall be accepted in contributions from legislative caucus committees and political party committees by any candidate and the controlled committee of such a candidate. No legislative caucus committee or political party shall make a contribution to a legislative candidate running in a primary election or special election.

85304. Seed Money

The limitations in Sections 85300 and 85301 shall not apply to contributions to a candidate for legislative office until the candidate has raised thirty-five thousand dollars (\$35,000) in the election year.

85305. Limitations on Contributions from Non-Individuals

No more than a total of fifty thousand dollars (\$50,000) in the case of an Assembly candidate, and a total of seventy-five thousand dollars (\$75,000) in the case of a Senate candidate, for either a primary, general, special or special runoff election, shall be accepted in contributions from non-individuals by any candidate and the controlled committee of such a candidate. Contributions from political parties and legislative caucuses shall be exempt from this provision.

85306. Limitations on Total Contributions from Persons

No person shall make to legislative candidates or to committees supporting legislative candidates contributions aggregating more than twenty-five thousand dollars (\$25,000) in a two-year period. Contributions to and contributions from political parties and legislative caucuses shall be exempt from this provision.

85307. Limitations on Total Contributions from Organizations or Small Contributor Political Action Committees

No organization or small contributor political action committee shall make to legislative candidates or to committees supporting legislative candidates contributions aggregating more than two hundred thousand dollars (\$200,000) in a two-year period. Contributions from political parties and legislative caucuses shall be exempt from this section.

85308. Prohibition on Transfers

(a) No candidate and no committee controlled by a candidate or candidates for legislative office or controlled by a legislator or legislators, other than a legislative caucus committee or political party, shall make any contribution to a candidate running for legislative office or to any committee supporting such a candidate including a legislative caucus committee or party committee.

(b) This section shall not prohibit a candidate from making a contribution from his or her own personal funds to his or her candidacy or to the candidacy of any other candidate for legislative office.

85309. Prohibition on Off Year Contributions

(a) No legislative candidate or legislator or any controlled committee of such a candidate or legislator shall accept any contribution in any year other than the year in which the legislative candidate or legislator is listed on the ballot as a candidate for legislative office.

(b) No legislative caucus committee or political party committee supporting or opposing legislative candidates shall accept any contribution in an odd-numbered year.

85310. Limitations on Payments of Gifts and Honoraria

No legislator or legislative candidate and any fund controlled by such a person shall receive more than two thousand dollars (\$2,000) in honoraria and gifts in a two-year period from any person other than a member of the candidate's family as specified in Section 82030 (b) (9).

85311. Return of Contributions

A contribution shall not be considered to be received if it is not negotiated, deposited, or utilized, and in addition it is returned to the donor within fourteen (14) days of receipt.

85312. Aggregation of Payments

For purposes of the contribution limitations in Sections 85300-85307, inclusive, and Section 85310, the following shall apply:

(a) All payments made by a person, organization or small contributor political action committee whose contributions or expenditure activity is financed, maintained or controlled by any business entity, labor organization, association, political party or any other person or committee, including any parent, subsidiary, branch, division, department or local unit of the business entity, labor organization, association, political party or any other person, or by any group of such persons shall be considered to be made by a single person, committee or small contributor political action committee.

(b) Two or more entities shall be treated as one person when any of the following circumstances apply:

- (1) The entities share the majority of members of their boards of directors.
 - (2) The entities share two or more officers.
 - (3) The entities are owned or controlled by the same majority shareholder or shareholders.
 - (4) The entities are in a parent-subsidiary relationship.
- (c) An individual and any general partnership in which the individual is a partner, or an individual and any corporation in which the

individual owns a controlling interest, shall be treated as one person.

(d) No committee which supports or opposes a candidate for legislative office shall have as officers individuals who serve as officers on any other committee which supports or opposes the same candidate. No such committee shall act in concert with, or solicit or make contributions on behalf of, any other committee. This subdivision shall not apply to treasurers of committees if these treasurers do not participate in or control in any way a decision on which legislative candidate or candidates receive contributions.

85313. Loans

(a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of this chapter.

(b) Every loan to a candidate or the candidate's controlled committee shall be by written agreement and shall be filed with the candidate's or committee's campaign statement on which the loan is first reported.

(c) The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed shall not be subject to the contribution limits of this chapter.

(d) Extensions of credit (other than loans pursuant to subdivision (c)) for a period of more than thirty (30) days are subject to the contribution limitations of this chapter.

85314. Family Contributions

(a) Contributions by a husband and wife shall be treated as separate contributions and shall not be aggregated.

(b) Contributions by children under 18 shall be treated as contributions by their parents and attributed proportionately to each parent (one-half to each parent or the total amount to a single custodial parent).

85315. Candidate for Statewide or Local Office

The contribution limitations shall not apply to any contributions to a candidate for legislative office where such contributions are made to support the candidate's campaign for a specifically named statewide or local elective office, and all of the following conditions are met:

(a) The candidate specifically names the non-legislative office being sought.

(b) A separate committee and account for the non-legislative office being sought shall be established for the receipt of all contributions and the making of all expenditures in connection with the non-legislative office.

(c) The contributions to be exempted from the contribution limitations in this chapter are made directly to this separate committee's account.

(d) No expenditures from such an account shall be made to support the legislative candidate's campaign, or any other candidate's campaign for legislative office.

85316. One Campaign Committee and One Checking Account per Candidate

A legislative candidate shall have no more than one campaign committee and one checking account out of which all expenditures shall be made. This section shall not prohibit the establishment of savings accounts, but no qualified campaign expenditures shall be made out of these accounts.

85317. Time Periods for Primary Contributions and General Election Contributions

For purposes of the contribution limitations, contributions made at any time before July 1 of the election year shall be considered primary contributions, and contributions made from July 1 until December 31 of the election year shall be considered general election contributions. Contributions made at any time after the seat has become vacant and up through the date of the election shall be considered contributions in a special election, and contributions made after the special election and up through fifty-eight (58) days after the special runoff election shall be considered contributions in a special runoff election.

Article 4. Expenditure Limitations

85400. Expenditure Limitations for Assembly Candidates

No candidate for State Assembly who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) One hundred fifty thousand dollars (\$150,000) in a primary election.

(b) Two hundred twenty-five thousand dollars (\$225,000) in a general, special, or special runoff election.

85401. Expenditure Limitations for State Senate Candidates

No candidate for State Senate who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Two hundred fifty thousand dollars (\$250,000) in a primary election.

(b) Three hundred fifty thousand (\$350,000) in a general, special or special runoff election.

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Proposition 68: Text of Proposed Law

Continued from page 13

(e) Legislative candidates are raising less money in small contributions and more money in large individual and organizational contributions. This has created the public impression that the small contributor has an insignificant role to play in political campaigns.

(f) High campaign costs are forcing legislators to spend more time on fundraising and less time on the public's business. The constant pressure to raise contributions is distracting legislators from urgent legislative matters.

(g) Legislators are responding to high campaign costs by raising large amounts of money in off-election years. This fundraising distracts legislators from important public matters, encourages contributions which may have a corrupting influence and gives incumbents an unfair fundraising advantage over potential challengers.

(h) Incumbents are raising far more money than challengers. In the 1984 general election, Assembly incumbents outspent their challengers by a 14-to-1 ratio and won 100% of their contests. In 1983, a non-election year, incumbent legislators raised \$14.3 million while their challengers raised less than fifty thousand dollars (\$50,000). In 1984, out of 100 legislative races in the primary and general elections, only two incumbents were defeated. The fundraising advantages of incumbency are diminishing electoral competition between incumbents and challengers.

(i) The integrity of the legislative process, the competitiveness of campaigns and public confidence in legislative officials are all diminishing.

85102. Purpose of this Chapter

The people enact this Act to accomplish the following purposes:

(a) To ensure that individuals and interest groups in our society have a fair and equal opportunity to participate in the elective and legislative processes.

(b) To reduce the influence of large contributors with a specific financial stake in matters before the Legislature, thus countering the perception that legislation is influenced more by the size of contributions than the merits of legislation or the best interests of the people of California.

(c) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive expenditures or large contributions, thereby promoting public discussion of the important issues involved in political campaigns.

(d) To limit overall expenditures in legislative campaigns, thereby reducing the pressure on legislative candidates to raise large campaign chests beyond the amount necessary to communicate reasonably with voters.

(e) To provide a neutral source of campaign financing by allowing individual taxpayers voluntarily to dedicate a portion of their state taxes to defray a portion of the costs of legislative campaigns.

(f) To increase the importance of in-district contributions.

(g) To increase the importance of smaller contributions.

(h) To eliminate off year fundraising.

(i) To reduce excessive fundraising advantages of incumbents and thus encourage competition for elective office.

(j) To allow candidates and legislators to spend a lesser proportion of their time on fundraising and a greater proportion of their time discussing important legislative issues.

(k) To improve the disclosure of contribution sources in reasonable and effective ways.

(l) To ensure that serious candidates are able to raise enough money to communicate their views and positions adequately to the public, thereby promoting public discussion of the important issues involved in political campaigns.

(m) To help restore public trust in the state's legislative and electoral institutions.

Article 2. Definitions

85200. Interpretation of this Chapter

Unless the term is specifically defined in this chapter or the contrary is stated or clearly appears from the context, the definitions set forth in Chapter 2 (commencing with Section 82000) shall govern the interpretation of this chapter.

85201. Legislative Caucus Committee

"Legislative caucus committee" means a committee controlled by the caucus of each political party of each house of the Legislature. Each party of each house may establish only one such committee which shall not be considered to be a candidate-controlled committee. A "legislative caucus committee" may make contributions to any candidate running for legislative office.

85202. Small Contributor Political Action Committee

"Small contributor political action committee" means any committee which meets all of the following criteria:

(a) All the contributions it receives from any person in a twelve month period total \$50 or less.

(b) It has been in existence at least six months.

(c) It contributes to at least five candidates.

(d) It is not a candidate-controlled committee.

85203. Qualified Campaign Expenditure

(a) "Qualified campaign expenditure" for legislative candidates includes all of the following:

(1) Any expenditure made by a candidate for legislative office, or by a committee controlled by such a candidate, for the purpose of influencing or attempting to influence the actions of the voters for or against the election of any candidate for legislative office.

(2) Any transfer of anything of value made by the legislative candidate's controlled committee to any other committee.

(3) A non-monetary contribution provided at the request of or with the approval of the legislative candidate, legislative officeholder or committee controlled by the legislative candidate or legislative officeholder.

(4) That portion of a slate mailing or other campaign literature produced or authorized by more than one legislative candidate which is the greater of the cost actually paid by the committee or controlled committee of the legislative candidate or the proportionate share of the cost for each such candidate. The number of legislative candidates sharing costs and the emphasis on or space devoted to each such candidate shall be considered in determining the cost attributable to each such candidate.

(b) "Qualified campaign expenditure" does not include any payment if it is clear from the surrounding circumstances that it was not made for political purposes.

85204. Two-Year Period

"Two-year period" means the period commencing with January 1 of an odd-numbered year and ending with December 31 of an even-numbered year.

85205. Campaign Reform Fund

"Campaign Reform Fund" means the fund created by Section 18775 of the Revenue and Taxation code.

85206. Organization

"Organization" means a proprietorship, labor union, firm, partnership, joint venture, syndicate, business trust, company, corporation, association or committee which has 25 or more employees, shareholders, contributors, or members.

Article 3. Contribution Limitations

85300. Limitations on Contributions from Persons

(a) No person shall make to any candidate for legislative office and the controlled committee of such a candidate and no such candidate and the candidate's controlled committee shall accept from each such person a contribution or contributions totaling more than one thousand dollars (\$1,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(b) No organization shall make to any candidate for legislative office and the controlled committee of such a candidate and no such candidate and the candidate's controlled committee shall accept from each such organization a contribution or contributions totaling more than two thousand five hundred dollars (\$2,500) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(c) No person shall make to any committee which supports or opposes any legislative candidate and no such committee shall accept from each such person a contribution or contributions totaling more than one thousand dollars (\$1,000) per year.

(d) No organization shall make to any committee which supports or opposes any legislative candidate and no such committee shall accept from each such organization a contribution or contributions totaling more than two thousand five hundred dollars (\$2,500) per year.

85301. Limitations on Contributions from Small Contributor Political Action Committees

(a) No small contributor political action committee shall make to any candidate for legislative office and the controlled committee of such a candidate, and no such candidate and the candidate's controlled committee shall accept from a small contributor political action committee a contribution or contributions totaling more than five thousand dollars (\$5,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election or special runoff election.

(b) No small contributor political action committee shall make to any committee supporting or opposing a legislative candidate and no such committee shall accept from a small contributor political action committee a contribution or contributions totaling more than five thousand dollars (\$5,000) in a two-year period.

85302. Limitations on Contributions to Political Parties and Legislative Caucus Committees

No person, including an organization or a small contributor political action committee, shall make to any political party committee supporting or opposing legislative candidates or legislative caucus, and no such party committee or legislative caucus committee shall accept from each such person a contribution or contributions totaling more than five

By JOHN K. VAN DE KAMP

Protection for our drinking water and controls on toxic chemicals are nonpartisan issues that should be among the first concerns of every public official in California. Yet despite years of study and law-making there is a wide consensus that much more needs to be done. The conclusions a few months ago of the Governor's Task Force on Toxics, Waste and Technology, on which I served along with a broad spectrum of representatives from government and private industry, emphasizes that point.

The task force reported extensive toxic contamination of drinking water supplies, often above recommended safe levels. It also estimated a combined cost of more than \$1.3 billion per year for medical care, lost income and deaths attributed to exposure to toxic chemicals in California.

Now, California voters have the opportunity to take positive action for themselves. Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986, sets up direct protections against toxic chemical threats and creates strong incentives for action instead of inaction by government and industry.

Proposition 65 is more than just a "get tough" law. It also is an innovative legal mechanism that charts a new path for

A Toxics Law With Teeth

toxic regulation, using straightforward rules and direct enforcement.

The measure starts from a short list of known dangerous chemicals, not those merely suspected of causing cancer or birth defects, but those known to do so. It would effectively impose two requirements: Don't put any of those chemicals into drinking water, and don't expose anyone to them without giving a clear warning first.

Those requirements should hardly be controversial, but current law does not unambiguously impose them. What makes Proposition 65 different is that the requirements are direct, and they are directly enforceable, both by government and private citizens if necessary, using a procedure modeled after federal law.

Proposition 65 also adds strong incentives for effective enforcement of existing toxics laws, including doubled penalties for crimes like midnight dumping, and a share of collected fines for the police force that does the necessary investigative work. From the point of view of a prosecutor, these provisions would increase protection of the public from toxics violations.

Beneath Proposition 65's straightforward requirements is some careful legal

craftsmanship to ensure its effectiveness. One key example is the way Proposition 65 treats the question of "safe" amounts.

Industry has long claimed that small enough amounts of chemicals—even those that indisputably cause cancer or birth defects—can be "perfectly safe," and should not be restricted at such levels. Proposition 65 accepts that position. It rules out enforcement against amounts which pose no significant risk to human health.

For the first time, however, it would be required that there be a scientific basis for such a claim, before those amounts can be discharged into drinking water, or before citizens are exposed without warning. Where scientific knowledge of safety is lacking, the risk of harm would not continue to be placed on the public.

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Proposition 65 does not claim to be the

only law necessary for toxics control. It does not claim to cover every potential toxic chemical produced by our society, or every potential source of contamination. Instead, it focuses only on the chemicals already known to cause the worst effect and only on businesses with 10 or more employees. It does so without weakening any of the protections of existing law.

Any bold new measure such as Proposition 65 may have effects that cannot be fully predicted. However, Proposition 65 contains an explicit section allowing it to be amended by two-thirds vote of the Legislature, consistent with its purposes. The proponents of the initiative already have demonstrated their commitment to use the section if it proves necessary.

In addition, since the key provisions do not take effect until 1988, there would be time for careful regulatory interpretation and implementation. Though it is tightly drafted, Proposition 65 would not act as a straitjacket on industry or agriculture.

The extent of the toxics problem seems to grow worse with each passing day. The public rightly expects protection, but thus far the gap between promise and performance, instead of closing, has continued to widen. Proposition 65 can make a significant difference.

John K. Van De Kamp is attorney general of California.

CRH

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CCC #4282

FEDERAL ELECTION COMMISSION

68 MAY 16 PM 1:46

Date 10 May 1988
To, Social Association
General Council
Law Enforcement
Federal Election Commission
999 E. St. N.W.

Washington DC. 20463

68 MAY 17 PM 2:00

This is in regards to conversation your Office 9 May 88.
Regarding , Enclosed Newspaper Article, Dated Saturday Aug. 1, 1987.
California Secretary of State Mrs. March Fong EU.
Her own statement ,so states, she violated Federal Election Laws. (Criteria)
For the Soul purpose of Getting Elected to Federal Office.

Some of her Duties as Secretary of State or as Follows.
She oversee Legislators Financial Disclosure Statements at State Level.
Plus Certify State Initiatives for the Voters to Vote On.

I first Called , the Fair Political Practise Commission of the State of Cali-
fornia, Date 9 May 1988 They Said , they could not take Action on the matter
because it is Federal Level. There number 1-916 -322-5660 Have record of
Call on my Phone Bill. Because man had to call me Back , Name was either
Ken or Kenneth.

Enclosed is Some of the Initiatives as a sample.
The Attorney General , Prepares official Titles, Summary , and is given the
Extra Power of For or Against Said Initiative.
Plus as exsample 68 , He not only has a Political interest , He also could
gain Financially also to gain that Political advantage.
The same goes for the rest of the Politicians on Initiatives.

This matter leaves a very heavy Cloud over the Whole Election System in the
State of California.
The date on the Article will show , there has been no action , By State
Election Commission or the State Attorney General Office.
The Article States Fund were Collected , by which method , U.S. Mail ?
Plus it has left the Impression my Vote has been Depleted to a big Fat Zero.
Inclosing I have permission from Reporter to use her Article.
Phone 213- 744--8000 City Desk.

Thank You.

Please Reply in Writing
Clarence R. Hilleke
Clarence R. Hilleke
133 S. Harbor View Ave.
San Pedro, CA. 90732
Phone 213 - 833-3247

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CAT. NO. NN00827
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TICOR TITLE INSURANCE

(Individual)

STATE OF CALIFORNIA
COUNTY OF Los Angeles ss.

On May 10, 1988 before me, the undersigned, a Notary Public in and for
said State, personally appeared CLARENCE R. HILLEKE

_____, personally known to me or
proved to me on the basis of satisfactory evidence to be
the person whose name he subscribed to the
within instrument and acknowledged that he exe-
cuted the same.

WITNESS my hand and official seal.

Signature

Patricia H. Grissin



(This area for official notarial seal)

89040750186

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California Secretary of State March Fong Eu with her millionaire husband, Henry.

Husband's money a mystery to Eu

She admits crime initiative was designed to skirt election laws

By Linda Breakstone
 Herald politics writer

Secretary of State March Fong Eu acknowledged yesterday that her "Dimes Against Crimes" state initiative was concocted partially as a way to give her fledgling U.S. Senate bid "a boost" and skirt \$1,000 contribution limits required in a federal race.

Eu also admitted she knows nothing of the finances of her mysterious, millionaire Singapore-based husband of 13 years and recently was rebuffed when she flew to Hong Kong to ask how much he pays for their Hancock Park mansion. The situation has placed Eu in conflict with federal ethics laws requiring disclosure of benefits insured from a spouse. Eu claimed she didn't know

what work, if any, her husband did. During an on-the-record breakfast meeting with political reporters yesterday, Eu became uncharacteristically agitated, swearing several times to express displeasure with reports that she is unqualified for the U.S. Senate. "I've been in public life now 30 years and no one has — on the way I have been — on in this

short time that I've said I'd like to run for the Senate," she said. Asked about an earlier faltering performance when questioned on foreign policy, she claimed she now had mastered the complexities of arms control. "I learned that in two weeks," she quipped. "I'm not stupid. If I were stupid I wouldn't be where I am." Eu/A-10

Eu

Continued from page A-1

am today. But if you're going to take me as being stupid, what can I do? I'm helpless... and that's the kind of — I don't want to put up with."

The 45-year-old Eu, beaten and robbed in her Hancock Park home within a week of winning her fourth term last November, launched a Senate bid and initiative drive to raise liquor taxes to beef up police forces.

Called "Dimes Against Crimes," it would add a 10-cent tax to each half-pint of liquor.

But as she admittedly was unable to raise money for her Senate bid, Eu acknowledged that advisers told her an initiative drive could help by providing publicity and allowing her to raise large sums of money from wealthy individual

donors.

"That was pointed out to me during our discussions and it didn't sound like a bad idea," conceded Eu, who in the past has denied that the initiative was linked to her Senate aspirations. "I'm hoping it would be a boost if I get a boost."

Told that amounted to a "pre-emptive end-run" around federal election laws, Eu said, "I'm complimented that you think I'm a trendsetter."

The tactic already has helped. She gave the initiative \$150,000 of her leftover state campaign money ineligible for the Senate bid as it was donated in large sums.

Eu first was swept to statewide office in 1974 by her initiative to ban pay toilets in public buildings. She has not led a major policy initiative since.

Tony Miller, her chief of staff, agreed. "She really has had nothing to go on since pay toilets. We're trying to replace pay toilets by going beyond to fighting crime."

As for her husband, Henry Eu a citizen of Singapore, Eu said she only recently asked for financial details because of a Herald Examiner report detailing her incomplete ethics disclosure report.

"I said to him, (reporters) are giving me a lot of trouble. And I said you know if they keep this up, it's going to be tough on my campaign. But he still refused to divulge any information."

Ironically, Eu oversees legislators' financial disclosure reports at the state level.

Senate Ethics Committee staff administrator Bonnie Parker said a case such as Eu's has never arisen, so it will be "assigned to an attorney, who will look for a precedent and present the situation to the chairman." Parker didn't know if the situation could force Eu from the race.

Democratic Lt. Gov. Leo McCarthy and KABC-TV commentator Bill Press also are weighing the race for

their party's nomination to challenge Republican Sen. Pete Wilson in 1984.

If so forced, Eu said she would pick her husband over running for the Senate, calling theirs a "beautiful marriage" bolstered because, until now, she never inquired about his finances.

In fact, she only assumes he's retired.

"When I'm over there seeing him, he doesn't go to any office and he just spends time with me. I assume whatever work he does... I don't think he does any work," she said. "I would describe him as retired."

Upon their 1974 marriage, Eu said he "was closing up a company he had that was dealing in commodities."

Unable to learn how much her husband pays for their Hancock Park mansion, Eu suggested a solution might be to "ask him to let me pay that (the rent or mortgage) and he can pay food bills

"I'm just guessing," she said he probably leases it from this company, a foreign concern called Eu Yan Sang Holdings Ltd.

The purpose of the financial disclosure law is to ensure that officeholders are not voting in legislation in which they or their families have a stake.

But Eu said, "I don't know what his interests are, so I would have no problem," adding he assured her "there is no conflict of interest."

An Ethics Committee source said, however, that as much danger exists of Eu being unwittingly swayed on a vote by her husband, who could have interests in international trade.

Eu insisted, though, that voters would understand her predicament with her millionaire husband, who owns homes in Hong Kong and Singapore. "The average voter probably says 'that sounds like my husband'... you've heard women who suddenly find out the man that

they live with has six other wives in other states.

"I'm sure all of you have wives and husbands that you try to get some kind of information from them and they just won't tell you," Eu said, agreeing her situation "could be" similar to that of 1984 Democratic vice presidential nominee Geraldine Ferraro.

Ferraro's husband, John Zaccaro, temporarily refused to disclose his income tax returns, which later revealed the couple owed back taxes. The scrutiny also caused Zaccaro numerous legal problems.

So little is known of Henry Eu that even his age is a mystery to the secretary of state's staff.

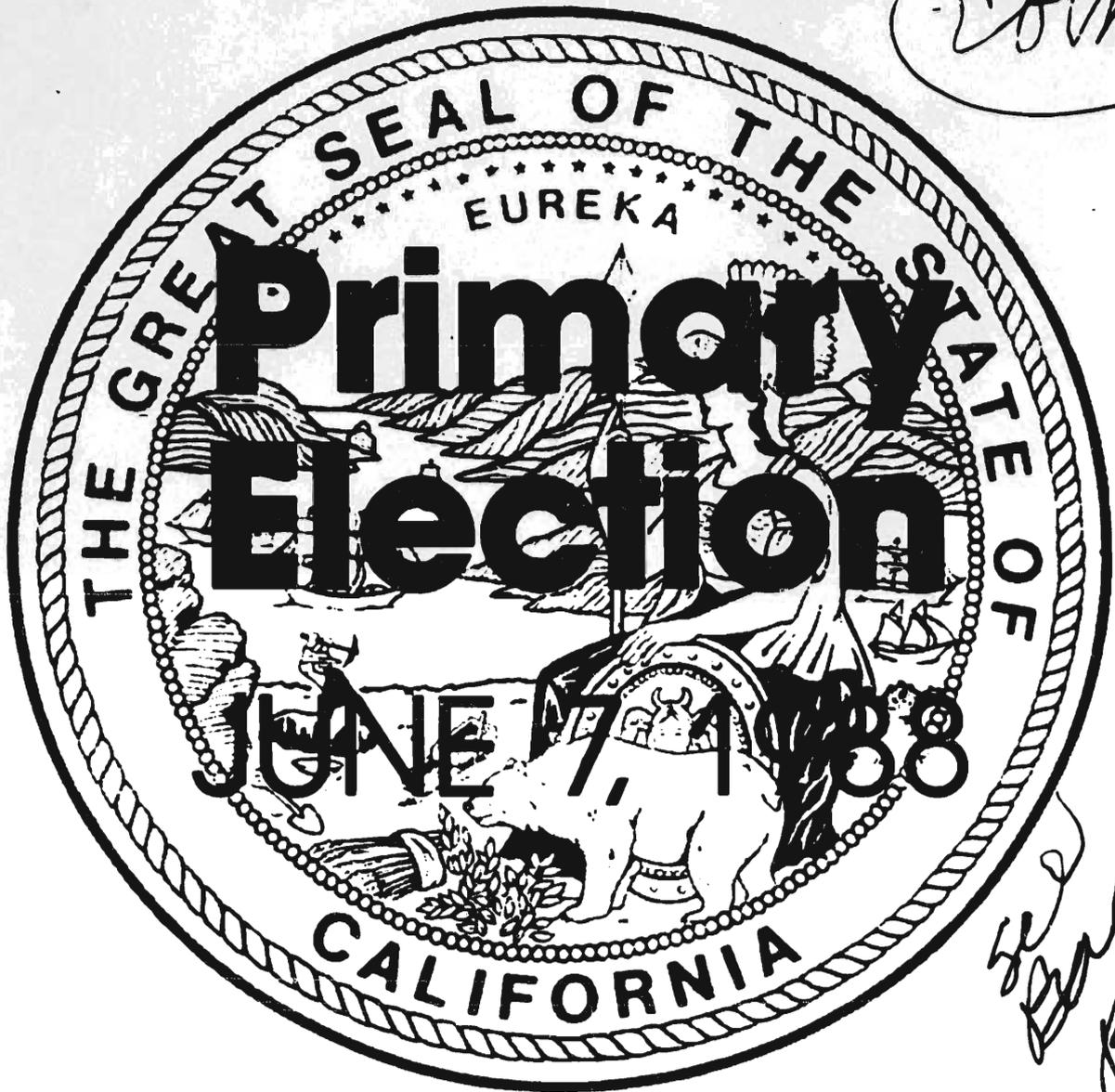
On Eu's depiction of the marriage, chief of staff Miller acknowledged "it is a tremendous liability, this is probably the most difficult one to overcome. It is not a credible story, I agree."

"But this is not an Ozzy and Harriet relationship."

California
BALLOT
PAMPHLET

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see back page

Compiled by MARCH FONG EU Secretary of State
Analyses by ELIZABETH G. HILL Legislative Analyst

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MARCH FONG EU

Secretary of State

1230 J STREET

SACRAMENTO, CA 95814

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State

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In an effort to reduce election costs, the State Legislature has authorized the Secretary of State and counties having this capability to mail only one ballot pamphlet to addresses where more than one voter with the same surname resides. If you wish additional copies, you may obtain them by calling or writing to your county clerk or registrar of voters.

CERTIFICATE OF SECRETARY OF STATE

I, March Fong Eu, Secretary of State of the State of California, do hereby certify that the foregoing measures will be submitted to the electors of the State of California at the PRIMARY ELECTION to be held throughout the State on June 7, 1988, and that this pamphlet has been correctly prepared in accordance with law.

Witness my hand and the Great Seal of the State in Sacramento, California, this 4th day of April 1988.



March Fong Eu

MARCH FONG EU
Secretary of State

ELECTION
MATERIAL

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No same-day registration

It is no coincidence that Willie Brown, the Democratic Speaker of the Assembly, who has backed AB1204 — which permits anyone, and do mean anyone, to register to vote on the same day they vote — is also Jesse Jackson's national campaign manager.

This despicable bill has already passed the Assembly and is now in the state Senate. I sincerely hope that the senators see through this chicanery and reject it in the name of decency and fairness to the taxpaying, legally registered voters of California, regardless of their party affiliation.

Jackson's campaign appeals to what is commonly called the "have-nots" — persons who have nothing, not even a sense of responsibility. Therefore they risk nothing, since anything they get is more than what they have.

If AB1204 passes, there will be busloads of vagrants — euphemistically called "homeless" — illegal and legal aliens and other persons who will place their mark where they are told.

It is bad enough that there is now voter registration by mail, whereby anyone can register by mail by simply stating that he is a citizen of the United States, under penalty of perjury. Lately these notices in the post office are only in English, but until recently they were also in Spanish!

Every concerned citizen and voter should write his state senator to toss this unfair bill out.

M.C. FILLET
Downey



Rate
24 May 1987

Curb Spending, Limit Influence-Peddling

By FREDRIC WOOCHEER

When the state's top political leaders recently announced their united opposition to Proposition 68, the campaign-reform initiative on the June ballot, they helped to clarify the political battle lines that have formed around the initiative.

Those battle lines do not pit Democrats against Republicans, or conservatives against liberals. They pit those who have the most at stake in today's system of financing legislative campaigns—party leaders and major special-interest contributors—against a coalition of citizens' groups and civic leaders who want the system changed.

The initiative would mandate dramatic changes in our electoral and political systems. Proposition 68 would promote equity in our politics by limiting and equalizing the spending by candidates. It would strengthen the role of the average individual contributor by limiting large contributions from special-interest groups. It would encourage electoral competition by establishing a state fund that would match modest contributions raised by candidates who agree to abide by limitations on their expenditures. The initiative would also ban the transfers of campaign funds from one politician to another, and would prohibit fund-raising in non-election years.

Support for Proposition 68 is broad-based, ranging from the California Business Roundtable, Sierra Club, Common Cause, League of Women Voters and the PTA, to several of the state's most prominent elected officials, including Atty. Gen. John Van de Kamp and Los Angeles Mayor Tom Bradley.

In opposing Proposition 68, Gov. George Deukmejian and legislative party leaders Willie Brown, David Roberti, Pat Nolan and Ken Maddy have now officially placed themselves on the wrong side of a line

dividing them from respected citizens' groups.

The governor argued that the initiative would favor incumbents. Yet, under the present system, incumbents regularly collect millions of dollars while in office—almost exclusively from Sacramento-based lobbying groups—and before challengers have a chance to raise a dime. In the 1987 non-election year, for example, state legislative incumbents raised more than \$25 million; their potential challengers raised \$400,000.

With such a fund-raising advantage, it stands to reason that in 1986 not one state legislative incumbent who sought reelection lost. Clearly it's hard to imagine a system more protective of incumbents than the one now in place.

The governor and other Republican opponents of Proposition 68 also decried the use of taxpayer dollars to help finance campaigns. Admittedly the public financing element, even though wholly voluntary, is the initiative's most controversial provision. But the availability of public matching funds reduces a candidate's reliance on special-interest contributors. Even more important, the U.S. Supreme Court has ruled that the offer of matching funds to a candidate is the only constitutionally approved way to impose the critical spending limits.

Although they say that they are opposed to public financing, just last year Deukmejian, Nolan and Maddy voted for (or signed) legislation creating a new tax credit for political contributions. Under that new law, which could cost taxpayers as much as \$18 million to \$20 million a year, any Californian can get a \$25 tax reduction for a contribution to any political candidate.

Such a tax credit is clearly a form of public financing. The Republican leaders' support of the tax-credit proposal casts real doubt on the sincerity of their objection to Proposition 68's use of public matching

funds to help finance legislative campaigns.

The Democratic leaders' opposition is no more persuasive. After sponsoring legislation almost identical to Proposition 68 for five years, Speaker Willie Brown has concluded—now that there is a real chance of its adoption—that its reforms do not go far enough.

The logic offered by the Proposition 68 opponents appears specious at best. The logic that does make sense is that these five leaders—who have been unable to agree on almost anything else in the past six years—see Proposition 68 as a direct threat to their primary means of maintaining their personal political influence.

No one in Sacramento raises more campaign dollars than *this Gang of Five*. Between 1985 and 1987 they received more than \$33 million in campaign contributions. Many of their colleagues, as well as virtually all challengers in competitive races, are heavily dependent on the ability and willingness of these leaders to raise the funds to pay for their campaigns. During the 1986 elections, for example, Nolan, Roberti and Brown transferred approximately \$7 million to candidates in targeted races. Those "transferred" funds came almost exclusively from Sacramento-based lobbying groups that wanted and expected to get something for their money.

There is a heavy price to be paid when legislative leaders build their power bases by raising funds from lobbying groups. That price is a public policy that is unduly influenced by those contributors.

Proposition 68 will help end the spending arms race and reduce the clout of those major contributing groups. If the result of that reform is a bit less power for those who now wield the most power, so be it.

Fredric Woocher, communications director for the Yes on Proposition 68 campaign, is on leave from the Center for Law in the Public Interest.

Campaign Reform in Name Only

Propositions 68 and 73 Fail to Offer Meaningful Change

By WILLIE L. BROWN JR.

When California voters go to the polls June 7, they will be offered two proposals that aim to enact campaign-finance reform—Propositions 68 and 73. Unfortunately, neither proposal will accomplish the reforms that its supporters claim.

Indeed, Proposition 73 will effectively prohibit meaningful reform, since it outlaws any limits on campaign spending. Without spending limits, the proposed "reforms" will duplicate the congressional campaign system under which we just two years ago witnessed the most expensive U.S. Senate race in California's history.

On the other hand, Proposition 68, which enjoys the enthusiastic support of organizations like Common Cause, makes a feeble attempt at grappling with spending limits but ultimately falls short of the mark.

Meaningful campaign-finance reform, above all else, must limit the total number of dollars that candidates can spend. Achieving that objective is not as simple as it seems, however. The U.S. Supreme Court has held (*Buckley vs. Valeo*, 1976) that the right to spend money in a campaign is intimately tied to freedom of political speech and, as such, is a right protected under the First Amendment. The only circumstance under which the courts have allowed limits to be placed on spending is in exchange for some tangible benefit—namely, public financing. What that means, very simply, is that we can limit campaign spending only if we provide for public financing of campaigns.

Proposition 68 tries to do that, but its authors have made two fundamental errors. Fearful that their measure might be defeated on the issue of public funding, they have proposed a system of taxpayers voluntarily placing \$3 of their taxes in a state fund. Such a fund would be woefully

insufficient to pay for campaigns if a meaningful number of candidates opted to participate.

The inadequate revenues probably are not going to be too much of a problem, however, since the spending limits contained in Proposition 68 are so low that almost no one running for office in California—at least not in a highly competitive contest—will agree to them. The only candidates who will have any incentive to accept these limits are incumbents in very safe districts (who seldom, if ever, have a contested race) and, of course, extremist candidates. Extremists would have no chance of winning, yet would gain a platform for their views because they would have nothing to lose by using the easy-to-get public financing. This is hardly the sweeping reform that Proposition 68's authors had in mind.

The appropriate model for campaign-finance reform is the system by which presidential elections are held. After qualifying "thresholds" or levels of private contributions are met by a candidate in the early primary stages, public funds become available. By the general election, only public money is spent; each nominee has the same limit, and there are no special-interest dollars influencing the contest. That is meaningful campaign reform.

Not only is Proposition 68 not meaningful, it is dangerous. Several of its provisions are of questionable constitutional validity. One of these, for instance, is the limit on the aggregate number of dollars that a political-action committee can contribute to all candidates in an election cycle. The courts generally have accepted and protected the right of individuals to band together in PACs to amplify their participation in the electoral process. It is highly questionable that the courts would let this sort of restriction stand.

A second problem is the complete ban on off-year fund-raising. What this provision amounts to is a wholesale abrogation of the First Amendment during odd-numbered years. While limits on off-year contributions might withstand judicial review, it is almost inconceivable that a total prohibition would pass muster.

The measure also contains a number of limits on expenditures made independent of a candidate. The courts generally have held such restrictions unlawful.

I am certain that the proponents of Proposition 68 mean well. I have, in fact, met with them and expressed my disagreements with their proposal. Unfortunately, in their zeal to accomplish reform, Common Cause in particular has had a history of failing to understand just how far they can restrict electoral and political behavior without trampling on First Amendment rights. For example, Common Cause was among the staunchest supporters of spending limits for congressional campaigns that the court struck down on First Amendment grounds in *Buckley vs. Valeo*. Here in California, several provisions of the Fair Political Practices Act, another Common Cause initiative, were overturned by the courts as violating the First Amendment.

A similar fate most likely awaits major provisions of Proposition 68. A very real danger lies in such systemic tinkering with our electoral process. No one knows how many of Proposition 68's provisions will be left standing when the courts are finished or how that tattered system would work.

Neither Proposition 68 nor 73 will accomplish the kind of reform that is needed. If they are enacted, the public will buy into a promise of reform in 1968 only to be disillusioned once again by 1980.

Willie L. Brown Jr. (D-San Francisco) is the Speaker of the California Assembly.

By JOHN K. VAN DE KAMP

A Toxics Law With Teeth

Protection for our drinking water and controls on toxic chemicals are nonpartisan issues that should be among the first concerns of every public official in California. Yet despite years of study and law-making there is a wide consensus that much more needs to be done. The conclusion a few months ago of the Governor's Task Force on Toxics, Waste and Technology, on which I served along with a broad spectrum of representatives from government and private industry, emphasizes that point.

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John K. Van De Kamp is attorney general of California.



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 2, 1988

Mr. Clarence A. Hilleke
133 S. Harbor View Avenue
San Pedro, CA 90732

Dear Mr. Hilleke:

This is to acknowledge receipt of your letter, which we received on June 1, 1988. Your letter was not properly sworn to.

As we informed you by letter dated May 19, 1988, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. A statement by the notary that the complaint was sworn to and subscribed before her will be sufficient. We are sorry for the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. 437g.

If you have any questions concerning this matter, please contact Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

A handwritten signature in black ink, appearing to read "Lois G. Lerner", written over a horizontal line.

By: Lois G. Lerner
Associate General Counsel

89040750194

plm



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 15, 1988

Mr. Clarence Hilleke
133 S. Harbor View Avenue
San Pedro, CA 90732

RE: MUR 2621

Dear Mr. Hilleke:

This letter acknowledges receipt of your complaint, received on June 1, 1988, alleging possible violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by March Fong Eu, and the March Fong Eu For Senate Committee and Richard Koo, as treasurer. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 2621. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints. If you have any questions, please contact Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

By: 
Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

89040750195



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 15, 1988

Richard Koo, Treasurer
March Fong Eu For Senate
Committee
PO Box 15265
Los Angeles, CA 90015

RE: MUR 2621
March Fong Eu For Senate
Committee and Richard
Koo, as treasurer

Dear Mr. Koo:

The Federal Election Commission received a complaint which alleges that the March Fong Eu For Senate Committee 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 numbered this matter MUR 2621. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the March Fong Eu For Senate Committee in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted 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 437g(a)(4)(B) and Section 437g(a)(12)(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 such counsel to receive any notifications and other communications from the Commission.

89040750196

If you have any questions, please contact Beverly Kramer, the staff person 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. Noble
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

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

cc: The Honorable March Fong Eu
Secretary of State of California
1230 J Street
#209
Sacramento, CA 25814

89040750197



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 15, 1988

The Honorable March Fong Eu
Secretary of State of California
1230 J Street
#209
Sacramento, CA 95814

RE: MUR 2621
March Fong Eu

Dear Ms. Secretary:

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 MUR 2621. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. 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 analysis of this matter. Where appropriate, statements should be submitted 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.

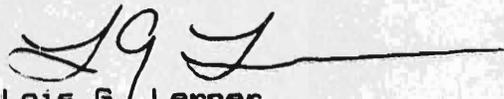
This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

89040750198

If you have any questions, please contact Beverly Kramer, the staff person 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. Noble
General Counsel


By: Lois G. Lerner
Associate General Counsel

Enclosures

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

89040750199

600#9621

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUN 27 AM 9:30



Secretary of State

1230 J STREET
SACRAMENTO, CALIFORNIA 95814

June 23, 1988

Lois G. Lerner, Associate
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2621, March Fong Eu

Dear Ms. Lerner:

Please find enclosed a "Statement of Designation of Counsel" authorizing me to represent the respondent in the above-referenced action.

The material you provided is largely unintelligible due to the poor quality of the copying or the nature of the originals. From reading the material, I am unable to ascertain the specific allegations of the complaint. I am unable even to ascertain whether the complaint is against respondent in her private or her public capacity. I am, therefore, responding as her attorney representing her, alternatively, in both capacities.

Please specify the provisions of law alleged to have been violated in order that a reply can be submitted. I await your response in this regard.

Sincerely,

ANTHONY L. MILLER

Enclosure

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUN 29 AM 11:36

0005074068

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2621

NAME OF COUNSEL: ANTHONY L. MILLER

ADDRESS: 1230 J Street, #209
Sacramento, Ca 95814

TELEPHONE: 916-445-6371

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

6/23/88
Date

March Fong Eu
Signature

RESPONDENT'S NAME: March Fong Eu

ADDRESS: 1230 J Street, #209
Sacramento, California 95814

HOME PHONE: _____

BUSINESS PHONE: 916-445-6371

89040750201



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 1, 1988

Mr. Richard Koo, Treasurer
March Fong Eu for Senate
Committee
PO Box 698
Sacramento, CA 95812

RE: MUR 2621
March Fong Eu for
Senate Committee
and Richard Koo,
as treasurer

Dear Mr. Koo:

The Federal Election Commission received a complaint which alleges that the March Fong Eu for Senate Committee 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 numbered this matter MUR 2621. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and the March Fong Eu for Senate Committee in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted 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 437g(a)(4)(B) and Section 437g(a)(12)(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 such counsel to receive any notifications and other communications from the Commission.

89040750202

If you have any questions, please contact Beverly Kramer, the staff person 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. Noble
General Counsel


By: Lois G. Lerner
Associate General Counsel

Enclosures

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

89040750203



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 1, 1988

Mr. Anthony Miller, Treasurer
Dimes Against Crimes
PO Box 653
Sacramento, CA 95812

RE: MUR 2621
Dimes Against Crimes
and Anthony Miller,
as treasurer

Dear Mr. Miller:

The Federal Election Commission received a complaint which alleges that Dimes Against Crimes 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 numbered this matter MUR 2621. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and Dimes Against Crimes in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted 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.

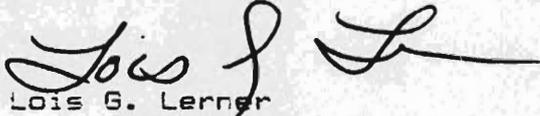
This matter will remain confidential in accordance with Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

89040750204

If you have any questions, please contact Beverly Kramer, the staff person assigned to this matter, at (202) 376-9200. 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

89040750205



FEDERAL ELECTION COMMISSION
 WASHINGTON, D.C. 20463

July 1, 1988

Mr. Frank Watase, Treasurer
 Friends of March Fong Eu
 PO Box 668
 Sacramento, CA 95810

RE: MUR 2621
 Friends of March Fong
 Eu and Frank Watase,
 as treasurer

Dear Mr. Watase:

The Federal Election Commission received a complaint which alleges that Friends of March Fong Eu 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 numbered this matter MUR 2621. Please refer to this number in all future correspondence.

The complaint was not sent to you earlier due to administrative oversight. Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and Friends of March Fong Eu in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted 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 437g(a)(4)(B) and Section 437g(a)(12)(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 such counsel to receive any notifications and other communications from the Commission.

89040750206

If you have any questions, please contact Beverly Kramen, the staff person 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. Noble
General Counsel



By: Lois G. Lerner
Associate General Counsel

Enclosures

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

89040750207

plm



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1988

Anthony L. Miller, Esquire
1230 J Street #209
Sacramento, CA 95814

RE: MUR 2621
March Fong Eu

Dear Mr. Miller:

This is in reference to your letter dated June 23, 1988, which we received on June 29, 1988, regarding the complaint filed against your client in the above matter. I understand that a member of our staff, Beverly Kramer, spoke with you by phone on June 28, 1988, addressing the identical concerns raised in your letter. If you have any further questions, please do not hesitate to contact us again.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

89040750208

60049841

Anthony L. Miller
Attorney-at-Law

RECEIVED
FEDERAL ELECTION COMMISSION

5496 Pacific Avenue
Pleasant Grove, California 95668
Telephone (916) 443-6924

88 JUL 18 AM 11:58

July 15, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE
88 JUL 18 PM 4:27

Lois G. Lerner, Associate
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2621, March Fong Eu; Friends of March Fong Eu and Frank Watase, as treasurer; March Fong Eu for Senate Committee and Richard Koo, as treasurer; Dimes Against Crimes and Anthony Miller, as treasurer.

Dear Ms. Lerner:

This office represents the above-referenced committees and individuals with respect to the subject "complaint". A "Statement of Designation of Counsel" has previously been filed with respect to respondent Eu. A "Statement of Designation of Counsel" is enclosed with respect to Dimes against Crimes and Anthony Miller, as treasurer. Similar statements of designation with respect to the other respondents will be forthcoming.

It is difficult, if not impossible, to determine from the material submitted the specific basis of the "complaint". However, based on my previous discussion with Ms. Kramer of your staff, it is our understanding that the "complaint" relates to March Fong Eu's aborted campaign for the United States Senate in 1987. Specifically, your office is construing the "complaint" as alleging violations of Title 2, Sec. 441(a) (making or receiving contributions in excess of \$1,000 to/by a candidate for federal office). The "basis" of the allegation is a newspaper article which suggests that contributions to an initiative campaign violated the contribution limits of federal law. In the absence of additional information, we assume that this is the only alleged violation. If you construe the material to allege additional violations, please advise in order that we have the opportunity to respond.

The respondents deny, specifically, generally, individually, and collectively, that there has been any violation of section 441(a) or any other provision of the Federal Election Campaign Act or any other law. We respectfully submit that the "complaint" is frivolous and utterly devoid of any merit whatsoever and should be promptly dismissed.

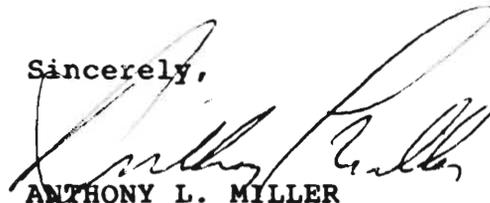
89040750209

March Fong Eu was a candidate for the United States Senate last year and filed appropriate qualifying documents and reports under the Federal Election Campaign Act. She and her committee complied scrupulously with the contribution limits imposed by the Act. At no time did she or her committee solicit or receive any contribution prohibited by state or federal law to promote her candidacy for the United States Senate.

March Fong Eu was, during 1987, the proponent of a statewide initiative proposal called "Dimes against Crimes". This effort involved an attempt to qualify a measure for the California ballot pursuant to article II, section 10(a) of the California Constitution. The proposal stemmed from Dr. Eu's efforts to help fight crime in California following a savage attack on her person and property. In order to promote this effort, March Fong Eu did solicit and did receive lawful contributions and loans under state law. However, at no time were these contributions or loans used to promote a senate candidacy which had actually been suspended by the time that the campaign to gather signatures began. There was no commingling of staff, contributions, or resources with respect to the initiative campaign and the suspended campaign for the United States Senate. A complete accounting of the receipts and expenditures is available in reports filed under state law. The initiative signature-gathering effort was, ultimately, unsuccessful. The campaign for the senate was also aborted and appropriate committee termination statements were filed.

There is simply no basis for alleging any violation of federal law with respect to the senate campaign or the initiative campaign. However, if I can provide you with any additional information in this regard, please do not hesitate to let me know.

Sincerely,



ANTHONY L. MILLER

ALM:GL

Enclosure

99040750210

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2621

NAME OF COUNSEL: Anthony L. Miller

ADDRESS: 5496 Pacific Avenue
Pleasant Grove, Ca 95668

TELEPHONE: 916-443-6924

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

7/15/88

Date


Signature

RESPONDENT'S NAME: Dimes against Crimes and Anthony Miller, as treasurer

ADDRESS: P. O. Box 668
Sacramento, California 95668

HOME PHONE: _____

BUSINESS PHONE: 916-443-6924

89040750211

600 # 86
Turn 2421

INITIATIVES: Insurers Sue Van de Kamp

Continued from Page 3

The titles and summaries were prepared by our government lawyers (in the attorney general's office) on the one hand, and Mr. Van de Kamp expressed his views in the ballot argument on the other. They were two separate acts.

Peterson would not elaborate. The lawsuits contend that Van de Kamp cannot escape responsibility either for what the attorney general's office does or for what he himself does as a private advocate.

One of the complaints asserts that there is a conflict of interest between Van de Kamp's "role mandated by statute requiring that he provide a true and impartial analysis of Proposition 101, and his role at the same time in endorsing the opposition to Proposition 101 and signing the [ballot pamphlet] rebuttal containing false statements concerning Proposition 101."

Lawyers for the no-fault initiative, in the other complaint, note that the state code says that "in providing the ballot, the attorney general shall . . . (use) such language that the ballot title shall not be an argument or likely to create prejudice either for or against the measure." The complaint says that in fact Van de Kamp has used "highly prejudicial language" in the ballot label, or title.

"Future Regulation"
It objects specifically to language that the initiative "restricts future regulation." In fact, it says, the Legislature is still empowered to act to regulate insurance, but only by a two-thirds majority. Other initiatives, including the one that Van de Kamp supports, contain similar provisions, the complaint states, yet the attorney general didn't mention them in his label for those initiatives.

The no-fault lawyers also accuse Van de Kamp of falsely stating in the official summary for Proposition 104 that it requires arbitration of disputes over insurance policy practices.

The Proposition 101 advocates object to ballot arguments by Van de Kamp that Proposition 101 "will cost taxpayers money" and "will require accident victims to use 'all your sick leave, your vacation time, your health insurance, your workers' compensation (and) your state disability before you get a dime from the insurance company of the person who hit you.'"

Backers of 2 Insurance Initiatives File Suits Against Van de Kamp

By KENNETH BIRCH, Times Staff Writer

Representatives of two insurer-backed initiatives have filed lawsuits accusing Atty. Gen. John K. Van de Kamp of preparing false and misleading ballot titles and summaries for the initiatives and writing falsehoods against them in arguments for official ballot pamphlets.

The suits, filed Friday against Van de Kamp in Sacramento Superior Court by backers of Proposition 104, the insurance industry's no-fault auto initiative, and Proposition 101, an initiative supported by Coastal Insurance Co., ask the courts to order changes in the titles, summaries and arguments before the Aug. 15 deadline for sending them to the state printer.

It is the intent of several instances in which Van de Kamp, a supporter of a competing insurance initiative on the fall ballot, the trial lawyer-backed Proposition 100, has found himself accused of a conflict between his official duties

in preparing the ballot titles and summaries and his private advocacy of the trial lawyers' side against the insurers.

One of the suits, by the no-fault supporters, also accuses Van de Kamp of unfairly promoting Proposition 100 by preparing a false and misleading summary of it. The suit says the summary language claims that the proposition guarantees a 20% rate reduction when it does up such thing.

The summaries are printed on information pamphlets mailed to voters before Election Day and are supposedly unbiased, objective explanations of ballot initiative issues. Arguments for and against, written by advocates, also are included in the pamphlets. The courts are empowered to strike language determined to be false.

Asked for comment, Van de Kamp spokesman Duane Peterson declined. Please see INITIATIVES, Page 24

*Page 3 - LA Times
Sunday 7 AUG 88*

Date 7 Aug. 1988 Sunday LA. Times
Lawrence M. Noble
General Counsel
Federal Election Commission
Washington, DC. 20463
Case Number MUR. 2621

This gives credence to what I sent you on this Case. Ms. March Fong EU. Has the Final Point in the Publishing Initiatives. Conflict of Interest is Rampant. This falls in Line with my Complaint about Prop. 65 Mr. Van de Kamp Handle. As Stated in this article and my Past Knowledge Of Both these Actions, and the Filing of Said Law Suit, is truthful and Justified.

Clarence R. Hilleke

Mr. Clarence R. Hilleke
133 S. Harbor View Ave.
San Pedro, CA. 90732
PH. 213- 853-3247

LA Times Page 24 - Sunday 7 AUG 88

89040750212

NR AUG 11 PM 1:34

GCC#

Anthony L. Miller
Attorney-at-Law

RECEIVED
FEDERAL ELECTION COMMISSION

5496 Pacific Avenue
Pleasant Grove, California 95668
Telephone (916) 448-6924

88 AUG 16 AM 10: 11

August 12, 1988

Lois G. Lerner, Associate
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2621, March Fong Eu; Friends of March Fong Eu and Frank Watase, as treasurer; March Fong Eu for Senate Committee and Richard Koo, as treasurer; Dimes Against Crimes and Anthony Miller, as treasurer.

Dear Ms. Lerner:

Please find two original "statements of designation of counsel" with respect to the above-referenced matter. With respect to Richard Koo and Frank Watase and the respective committees to which they relate, I hereby request that the information contained in my letter of July 15, 1988 be incorporated by reference as their response to the complaint on file.

Sincerely,

Anthony L. Miller
ANTHONY L. MILLER

Enclosures

R 3 0 4 0 7 5 0 2 1 3

RECEIVED
FEDERAL ELECTION COMMISSION
88 AUG 16 PM 12: 45

STATEMENT OF DESIGNATION OF COUNSEL

NUR 2621

NAME OF COUNSEL: Anthony L. Miller

ADDRESS: 5496 Pacific Avenue
Pleasant Grove, California 95668

TELEPHONE: 916-443-6924

The above-named individual is hereby designated as my
counsel and is authorized to receive any notifications and other
communications from the Commission and to act on my behalf before
the Commission.

7/20/1988
Date


Signature

RESPONDENT'S NAME: Richard Koo

ADDRESS: 2155 So Rocky View Rd.
Diamond Bar
Ca. 91765

HOME PHONE: (714) 861-3848

BUSINESS PHONE: (213) 613-1130

99040750214

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2621

NAME OF COUNSEL: Anthony L. Miller

ADDRESS: 5496 Pacific Avenue
Pleasant Grove, California 95668

TELEPHONE: 916-443-6924

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

July 14, 1988
Date

[Signature]
Signature

RESPONDENT'S NAME: Frank Watase

ADDRESS: 2949 W 226 ST
TORREMO, CA
90505

HOME PHONE: (73) 530-3708

BUSINESS PHONE: (818) 964-1478

89040750215



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 22, 1988

plm

Anthony L. Miller, Esquire
5496 Pacific Avenue
Pleasant Grove, CA 95668

RE: MUR 2621
March Fong Eu; Friends
of March Fong Eu and
Frank Watase, as
treasurer; March Fong
Eu for Senate
Committee and Richard
Koo, as treasurer;
Dimes Against Crimes
and Anthony Miller, as
treasurer

Dear Mr. Miller:

On June 15 and July 1, 1988, your clients were notified that the Federal Election Commission received a complaint from Clarence R. Hilleke alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended. At that time your clients were given a copy of the complaint and informed that a response to the complaint should be submitted within 15 days of receipt of the notification.

On August 11, 1988, the Commission received additional information from the complainant pertaining to the allegations in the complaint. Enclosed is a copy of this additional information.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure

89040750216

film



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 22, 1988

Mr. Clarence R. Hilleke
133 S. Harbor View Ave.
San Pedro, CA 90732

RE: MUR 2621

Dear Mr. Hilleke:

This letter acknowledges receipt on August 11, 1988, of the supplement to the complaint you filed on June 1, 1988, against March Fong Eu; March Fong Eu for Senate Committee and Richard Koo, as treasurer; Dimes Against Crimes and Anthony Miller, as treasurer; Friends of March Fong Eu and Frank Watase, as treasurer. The respondents will be sent copies of the supplement. You will be notified as soon as the Federal Election Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

89040750217

Anthony L. Miller
Attorney-at-Law

649
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
Pleasant Grove, California 95668
Telephone (916) 445-6351
@CC#299

September 1, 1988

Lois G. Lerner, Associate
General Counsel
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE CLERK
88 SEP -6 PM 12: 06

Re: MUR 2621, March Fong Eu; Friends of March Fong Eu and Frank Watase, as treasurer; March Fong Eu for Senate Committee and Richard Koo, as treasurer; Dimes Against Crimes and Anthony Miller, as treasurer.

Dear Ms. Lerner:

Thank you for your letter and enclosure of August 22, 1988.

It is obvious from the enclosure provided by Mr. Hilleke that his complaint to the Federal Election Commission in this matter is jurisdictionally misplaced with respect to the above-referenced parties. I respectfully submit that the complaint be dismissed.

Sincerely,

Anthony L. Miller
ANTHONY L. MILLER

ALM:gl

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SENSITIVE

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

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

88 OCT -5 AM 10:06

EXECUTIVE SESSION

OCT 12 1988

FIRST GENERAL COUNSEL'S REPORT

MUR # 2621
DATE COMPLAINT RECEIVED
BY OGC June 1, 1988
DATE OF NOTIFICATION
TO RESPONDENTS June 15, 1988
and July 1, 1988
STAFF MEMBER Beverly Kramer

COMPLAINANT: Clarence R. Hilleke

RESPONDENTS: March Fong Eu, California Secretary of State
March Fong Eu for Senate Committee and
Richard Koo, as treasurer
Dimes Against Crimes and
Anthony Miller, as treasurer
Friends of March Fong Eu and
Frank Watase, as treasurer
Californians for Eu and Anthony Miller,
as treasurer

RELEVANT STATUTE: 2 U.S.C. § 433(a), § 434(a)
11 C.F.R. § 102.6(a)(1)(iv)

INTERNAL REPORTS CHECKED: Public Record
Advisory Opinions 1977-54,
1978-15, 1980-95, 1982-56

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

On June 1, 1988, Clarence R. Hilleke filed a complaint with the Commission, which he supplemented on August 11, 1988.

II. FACTUAL AND LEGAL ANALYSIS

A. The Facts

1. The Complaint

The complaint generally alleges violations of Federal Election Laws by California Secretary of State March Fong Eu, the only person specifically named in the complainant's cover letter. March Fong Eu was a candidate seeking election to the United

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States Senate in 1988. As basis for the complaint, the complainant relies on an attached news article (dated August 1, 1987) which states, in relevant part, "Secretary of State March Fong Eu acknowledged yesterday that her 'Dimes Against Crimes' state initiative was concocted partially as a way to give her fledgling U.S. Senate bid 'a boost' and skirt \$1,000 contribution limits required in a federal race." The article reports Dr. Eu "acknowledged that advisers told her an initiative drive could help by providing publicity and allowing her to raise large sums of money from wealthy individuals." According to the news article, Dr. Eu gave the initiative \$150,000 of her leftover state campaign money "ineligible for the Senate bid as it was donated in large sums."

The complainant also submitted an incomplete copy of the California Ballot Pamphlet for the June 7, 1988 Primary Election, compiled by Secretary of State March Fong Eu and apparently distributed to Californians, including the complainant. An accompanying letter states that the pamphlet contains the ballot title, a short summary, the Legislative Analyst's analysis, the pro and con arguments and rebuttals, and the complete text of 12 propositions. The only crime-related initiative listed in the table of contents is one entitled "Second Degree Murder of Peace Officer, Minimum Term." All pages relating to this legislative initiative were omitted from the materials submitted to the Commission.

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In addition, the complainant submitted three articles, apparently authored by state and local politicians, publicly stating their views regarding Proposition 65 (re: toxic waste) and Propositions 68 and 73 (re: campaign finance reforms). Although the significance of these articles is not clearly presented by the complainant, he appears to suggest that other politicians are seizing the opportunity to call attention to themselves by supporting various initiatives.^{1/}

It should be noted that the complaint is written in broken English and is largely unintelligible. Neither the allegations nor the underlying facts are clearly presented in the complainant's letter. However, the attached news article regarding March Fong Eu's "Dimes Against Crimes" initiative contains facts which appear to describe violations of the FECA, specifically 2 U.S.C. § 433(a), § 434(a) and 11 C.F.R. § 102.6(a)(1)(iv). The possible violations are predicated on the assertion that the "Dimes Against Crimes" initiative was, in truth, an effort to get March Fong Eu elected to the U.S. Senate.

^{1/} On August 11, 1988 the complainant submitted supplemental materials consisting of an August 7, 1988 newspaper article from the Los Angeles Times. The article reports that lawsuits were filed against California's Attorney General John K. Van de Kamp accusing him of preparing false and misleading ballot titles and summaries for two insurer-backed initiatives and writing falsehoods against them in arguments for official ballot pamphlets. The written complaint accompanying the article states in relevant part "This gives credence to what I sent you on this case. Ms. March Fong Eu has the final point in the publishing of initiatives. Conflict of Interest is rampant."

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Based on this initial premise, the complaint appears to allege that the organization "Dimes Against Crimes" is a political committee under the Act and that its failure to register and report results in violations of 2 U.S.C. § 433(a) and § 434(a). Moreover, the complaint appears to allege that Eu's State campaign committee, "the Friends of March Fong Eu", became a political committee under the Act when it transferred \$150,000 to the Dimes Against Crimes and, that its failure to register and report results in violations of 2 U.S.C. § 433(a) and § 434(a). Additionally, the complaint appears to allege that the Friends of March Fong Eu transferred to Dimes Against Crimes campaign funds that included contributions that appear to be impermissible, i.e. excessive, in violation of 11 C.F.R. § 102.6(a)(1)(iv).^{2/} Dr. Eu appears to be individually implicated in these alleged violations as the article indicates her direct personal involvement in an alleged scheme to circumvent the Act's contribution limitations.

2. The Response

On July 18, 1988, a response was submitted by counsel on behalf of all the respondents. Counsel states that the respondents deny that there has been any violation of the Act or

^{2/} In California, corporate and labor union contributions are permissible for use in state election campaigns. Hence, this matter may also concern the issue of whether a violation of 2 U.S.C. § 441b(a) occurred.

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any other law^{3/} and submits that the complaint should be promptly dismissed as being "frivolous and utterly devoid of any merit whatsoever."

The response more specifically denies that Dr. Eu and her Senate committee solicited and received contributions prohibited by state or federal law to promote her candidacy to the United States Senate. The response provides the following information concerning the origin and purpose of a statewide initiative proposal called "Dimes Against Crimes."

According to the response, March Fong Eu was, during 1987, the proponent of the Dimes Against Crimes initiative proposal. The effort involved an attempt to qualify a measure for the California ballot pursuant to Article II, Section 10(a) of the California Constitution. According to the response, the proposal stemmed from Dr. Eu's efforts to help fight crime in California following a violent attack on her person and property. The response states that in order to promote this effort, March Fong Eu solicited and received lawful contributions and loans under state law. The response avers that at no time were these contributions or loans used to promote a Senate candidacy. The

^{3/} The response states that based on a discussion with a member of our staff it is the respondents' understanding that the Office of General Counsel is construing the complaint as alleging violations of Title 2, Section 441a (making or receiving contributions in excess of \$1,000 to/by a candidate for federal office). In fact, the discussion between the respondents' counsel and this Office included a discussion of all the allegations set forth in the preceding pages.

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response claims that Dr. Eu's Senate campaign had actually been suspended by the time that the campaign to gather signatures began. Moreover, the response claims that there was no commingling of staff, contributions, or resources with respect to the initiative campaign and the suspended campaign for the United States Senate. According to the response, the initiative signature-gathering effort was, ultimately, unsuccessful and the Senate campaign was aborted.

B. Analysis

The Act defines a political committee to include any committee, club, association, or other group of persons that receives contributions aggregating in excess of \$1,000 during a calendar year or makes expenditures aggregating in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4). Upon qualification as a political committee, such an entity is required to register with and report to the Commission. 2 U.S.C. § 433(a) and § 434(a).

The threshold issues presented by the complaint are whether March Fong Eu's involvement in the statewide initiative "Dimes Against Crimes" should be considered a part of her Senatorial campaign effort and, if so, whether funds contributed to and disbursed by Dimes Against Crimes are considered contributions or expenditures of sufficient magnitude as to incur registration and reporting obligations of a political committee under 2 U.S.C. § 433(a) and § 434(a). The Act defines a "contribution" to

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include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C.

§ 431(8)(A)(i). Similarly, the Act defines "expenditure" to include "any purchase, payment, distribution, loan, advance, deposit, or gift of money, or anything of value made by any persons for the purpose of influencing any election for Federal Office. 2 U.S.C. § 431(9)(A).

Neither the Act nor the Commission's regulations define the phrase "for the purpose of influencing." In numerous advisory opinions requiring application of this language to specific situations where officeholders who are Federal candidates engage in public activities that may help their campaigns, however, the Commission has applied the test of whether the major purpose of the activity is the nomination or election of a candidate (e.g., Advisory Opinions 1978-15, 1982-56). In each instance where the Commission has opined that officeholders may engage in such activities without being subject to the Act's limitations and prohibitions on contributions or expenditures, the Commission has conditioned its opinions on the assumption that the public activities will not involve (1) the solicitation, making or acceptance of contributions to the officeholder's Federal campaign, or (2) any communication expressly advocating the officeholder's nomination or election to Federal office or the defeat of any other candidate for Federal office. Advisory Opinions 1978-15, 1978-4, 1977-54.

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In this case, the respondents are claiming that Dr. Eu's involvement in the activities of Dimes Against Crimes was not to promote her Senate candidacy but to promote an effort to help fight crime in California following an attack on her person and property. In support of their claim, respondents note that Eu's Senate campaign had actually been suspended by the time that the campaign to gather signatures began.

The response does not provide any dates or timeframe corresponding to the suspension of Eu's Senate campaign and the commencement of the signature-gathering campaign. However, the news article which forms a basis for the complaint may provide a reference point. The article, which was published on August 1, 1987, refers specifically to the signature-gathering campaign. Therefore we can reasonably assume that the signature-gathering campaign was organized by August 1, 1987, the date of publication.

In order to verify the respondent's claim that the Senate campaign had been suspended prior to the commencement of the signature-gathering campaign, this Office reviewed the public record. As we show below, the information on the public record is inconclusive and raises questions which, in our view, need to be explored before this case can be resolved.

On the one hand, the disclosure reports filed by Eu's principal campaign committee, "March Fong Eu for Senate" ("the

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Senate Committee") indicate that fundraising efforts on behalf of Eu's Senate campaign may have ceased by mid-July 1987. The Senate Committee's schedules of itemized receipts disclose that the last contribution was received on July 15, 1987. Multiple fundraising expenditures are reported as having been made on or about this date with one additional fundraising expenditure reported as being made on September 22, 1987.

On the other hand, the Senate Committee's disclosure reports disclose multiple expenditures for consulting and travel through the early part of November 1987, suggesting that perhaps campaign efforts continued past the time Dimes Against Crimes was organized. One other troubling factor concerns the Senate Committee's disclosure of transfers. On line 18 of the Detailed Summary Page designated as for "transfers to other authorized committees," the Senate Committee lists disbursements totalling approximately \$87,000. On a corresponding schedule, the Senate Committee itemizes a transfer of \$50,000 to "Dimes Against Crimes" on September 14, 1987. The Act clearly defines the term "authorized committee" to mean the principal campaign committee or any other political committee authorized by a candidate to receive contributions or make expenditures on behalf of such candidate." 2 U.S.C. § 431(6). By its disclosure, the Senate Committee suggests that Dimes Against Crimes was perhaps more than just an effort to help fight crime in California, and that

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it may have been authorized to receive contributions and make expenditures to further Eu's bid for election to the United States Senate.^{4/}

Based on the above, it appears that Dimes Against Crimes may have incurred registration and reporting obligations of a political committee under the Act. Therefore, the Office of the General Counsel recommends a finding of reason to believe that Dimes Against Crimes violated 2 U.S.C. § 433(a) and § 434(a). For purposes of developing the facts, this Office has attached proposed interrogatories and requests for document production. The Office of the General Counsel also recommends that the Commission take no action at this time against the other respondents. Once the facts have been developed, this Office will make further recommendations with regard to the other respondents and the other issues raised by the complaint. ^{5/}

III. RECOMMENDATIONS

1. Find reason to believe that Dimes Against Crimes and Anthony Miller, as treasurer, violated 2 U.S.C. § 433(a) and § 434(a).
2. Take no action at this time against March Fong Eu; March Fong Eu for Senate and Richard Koo, as treasurer; and Friends of March Fong Eu and Frank Watase, as treasurer.

^{4/} This Office notes that across the top of the schedule corresponding to the entry for line item 18 of the Detailed Summary Page (transfers to other authorized committees) the Senate Committee typed "Transfers to Other Committees." The omission of the word "authorized" may indicate their confusion as to how this particular transaction should have been reported.

^{5/} As noted *infra*, the allegations against March Fong Eu, Friends of March Fong Eu and March Fong Eu for Senate are based upon the premise that Dimes Against Crimes is a political committee under the Act.

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3. Approve the attached letter, factual and legal analysis, interrogatories and request for production of documents.

Lawrence M. Noble
General Counsel

10/4/88
Date


By: Lois G. Lerner
Associate General Counsel

Attachments

1. Response
2. Letter
3. Factual and Legal Analysis
4. Interrogatories and request for production of documents

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
March Fong Eu, California Secretary)
of State)
March Fong Eu for Senate Committee)
and Richard Koo, as treasurer)
Dimes Against Crimes and)
Anthony Miller, as treasurer) MUR 2621
Friends of March Fong Eu and)
Frank Watase, as treasurer)
Californians for Eu and Anthony)
Miller, as treasurer)

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of October 12, 1988, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions in MUR 2621:

1. Find reason to believe that Dimes Against Crimes and Anthony Miller, as treasurer, violated 2 U.S.C. § 433(a) and § 434(a).
2. Take no action at this time against March Fong Eu; March Fong Eu for Senate and Richard Koo, as treasurer; and Friends of March Fong Eu and Frank Watase, as treasurer.

(continued)

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3. Approve the letter, factual and legal analysis, interrogatories and request for production of documents as recommended in the General Counsel's report dated October 4, 1988.

Commissioners Elliott, Josefiak, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens dissented; Commissioner McDonald did not cast a vote.

Attest:

Oct. 13, 1988

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 18, 1988

Anthony L. Miller, Esquire
5496 Pacific Avenue
Pleasant Grove, CA 95668

RE: MUR 2621
March Fong Eu; March Fong
Eu for Senate and Richard
Koo, as treasurer;
Friends of March Fong Eu
and Frank Watase, as
treasurer; Dimes Against
Crimes and Anthony L.
Miller, as treasurer

Dear Mr. Miller:

On June 15 and July 1, 1988, the Federal Election Commission notified your clients of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by you, the Commission, on October 12, 1988, found that there is reason to believe Dimes Against Crimes and you, as treasurer, violated 2 U.S.C. § 433 and § 434. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information. The Commission made no finding at this time with respect to March Fong Eu, March Fong Eu for Senate and Richard Koo, as treasurer, Friends of March Fong Eu and Frank Watase, as treasurer.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Dimes Against Crimes and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Dimes Against Crimes and you, as treasurer, the Commission may find probable

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plm

Anthony L. Miller
Page 2

cause to believe that a violation has occurred and proceed with conciliation.

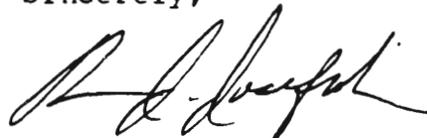
If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

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

Sincerely,



Thomas J. Josefiak
Chairman

Enclosures

Interrogatories and requests for
production of documents
Factual and Legal Analysis

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Anthony L. Miller
Attorney-at-Law

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

5496 Pacific Avenue
Pleasant Grove, California 95668
Telephone (916) 443-6934

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HAND DELIVERED

November 4, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL
88 NOV -7 PM 1:27

Lois G. Lerner, Associate General
Counsel
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2621, March Fong Eu; Friends of March Fong
Eu and Frank Watase, as treasurer; March Fong Eu
for Senate Committee and Richard Koo, as treasurer;
Dimes Against Crimes and Anthony Miller, as
treasurer.

Answers to Interrogatories and Request for
Production of Documents directed to Dimes Against
Crimes, Anthony L. Miller, Treasurer and to Richard
Koo, as Treasurer, March Fong Eu for Senate
Committee.

Dear Ms. Lerner:

This is in response to the letter from Chairman Josefiak
dated October 18, 1988, and attachments, which were
received by the undersigned on October 24, 1988. This
response is being transmitted to you by Federal Express in
order to ensure its receipt within the fifteen days
specified in that letter.

Please find declarations and supporting exhibits
establishing the following: (1) Dimes Against Crimes,
the state committee, was formed for the purpose, and did
make every reasonable effort to carry out the purpose, of
attempting to qualify an initiative measure for the
California ballot pursuant to article II, section 10(a) of
the Constitution of California. (2) The qualification
effort stemmed from the savage attack on the person and
the property of Dr. Eu on November 10, 1986. Within a
week of that attack, Dr. Eu publicly announced a campaign
to fight crime in California, a campaign which took shape
in the form of Dimes Against Crimes. See, for example,
Exhibits N-56 and N-100. (It should be noted that Dr.
Eu's interest in fighting crime has not diminished. See
copy of speech to Mothers Against Drunk Driving dated

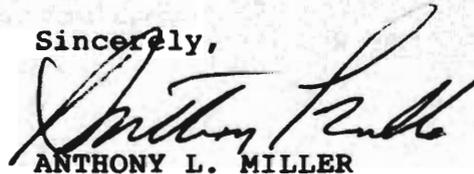
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October 7, 1988, enclosed as Exhibit S-44.) (3) No funds were solicited, contributed, or spent by Dimes Against Crimes for any purpose other than qualifying the initiative measure for the ballot. See Exhibit A. (4) Neither Dimes Against Crimes nor any other entity or individual violated 2 U.S.C. sections 433(a) and/or 434(a), or any other provision of state or federal law.

The enclosed documentation, some 1,378 pages of news articles, news releases, state campaign reports, correspondence, and other material, is unequivocally clear with respect to the foregoing.

Please do not hesitate to let me know if I can provide any additional information regarding this matter. In the meantime, please acknowledge receipt of this letter and the attachments by returning the acknowledgement form enclosed. A postage prepaid envelope is provided for this purpose.

Sincerely,



ANTHONY L. MILLER

Enclosures

1. Answers of ANTHONY L. MILLER, as Treasurer, Dimes Against Crimes/Supplemental Answer
2. Answers of RICHARD KOO, as Treasurer, March Fong Eu for Senate Committee;
3. Exhibit "A"---Declaration of JAN WASSON
4. Exhibit "B"---Airline tickets invoice
5. Exhibits D-1 through D-6---State Campaign Disclosure Reports
6. Exhibits E-1 through E-8---Endorsement Letters
7. Exhibits L-1 through L-14---Correspondence
8. Exhibits N-1 through N-165---News Articles
9. Exhibits P-1 through P-14---Petition Information
10. Exhibits R-1 through R-17---Press Releases
11. Exhibits S-1 through S-44---Speeches
12. Acknowledgement Form
13. Return Envelope

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Answers of ANTHONY L. MILLER, Treasurer,
Dimes against Crimes, to Interrogatories
In the Matter of
MUR 2621

1. On July 27, 1987, Dr. Eu announced the beginning of the signature-collection effort for Dimes against Crimes. In announcing this effort, she stated at press conferences in Los Angeles, San Diego, and San Francisco the following:

Nothing is more important to me, personally and politically, than qualifying and passing this measure. I am, therefore, **PUTTING MY CAMPAIGN FOR THE UNITED STATES SENATE ON HOLD UNTIL 'DIMES AGAINST CRIMES' QUALIFIES THIS DECEMBER. THE SENATE CAMPAIGN WILL HAVE SIMPLY HAVE TO WAIT. FIGHTING CRIME IS TOO IMPORTANT NOT TO GIVE IT MY TOP PRIORITY.** (Emphasis added) See Exhibit R-11.

The senate campaign was publicly "suspended" at this point. As a factual matter, neither Dr. Eu nor her senate campaign committee had actively solicited support or contributions for at least several days prior to that announcement nor were support or contributions actively solicited thereafter. Signature-collection for Dimes against Crimes began on July 27, 1988. See Exhibit R-7.

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2. March Fong Eu ceased to be a candidate for election to the United States Senate sometime during the month of September. However, she had not actually solicited support or contributions since sometime in July of 1987. She publicly withdrew from the race on October 29, 1987. See Exhibit R-16.

3. March Fong Eu publicly announced that her campaign for the United States Senate was on hold on July 27, 1988. See Exhibit R-11. She announced that she was withdrawing from the race on October 29, 1988. See Exhibit R-29.

4. "Dimes against Crimes" organized as a state committee under the California Political Reform Act of 1974, as amended, on April 2, 1987. See Exhibit D-1.

5. The campaign to actually collect signatures began on July 27, 1987. See Exhibit R-11. Organizational efforts to prepare for the collection of signatures began shortly after April 2, 1987.

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6. March Fong Eu was the proponent of the initiative measure which Dimes against Crimes sought to qualify for the ballot pursuant to Article II, section 10(a) of the Constitution of California. As the "proponent", she had the rights and responsibilities as set forth in the California Elections Code and the Constitution of California. She made repeated appearances and was actively involved in solicitation efforts for funding, signatures, and support in behalf of qualifying the measure. No such appearances or solicitations were linked to her aborted campaign for the United States Senate. See Exhibits.

7. A thorough review of committee files and my personal recollection does not indicate any instance where there was a reference made to the fact that March Fong Eu was a candidate for Federal office in any endorsement letters or public appearances in behalf of Dimes against Crimes except to the extent that Dr. Eu indicated in press releases and appearances on or about July 27, 1987 and October 29, 1987 that her campaign was "on hold" or that she was "withdrawing" as a candidate. See Exhibits. Any and all references to any candidacy or campaign for federal office---past, present, and future---were conscientiously avoided in all campaign efforts in behalf of Dimes Against Crimes. See Exhibits.

8. No. The activities of Dimes against Crimes did not involve the solicitation, making or acceptance of contributions to March Fong Eu's senate campaign.

9. See Exhibits. It should be noted that the exhibits provided include "representative samples" of correspondence. Much of the "correspondence" consisted of "form letters". A copy of all such correspondence is not available or has not been included because of repetition. Copies of letters in response to individual letters have not always been included because of questionable relevancy. With respect to speeches, copies of suggested texts are provided. Dr. Eu did not necessarily give such speeches without some deviation although it is likely that her actual remarks were not substantially different than the remarks contained in the texts provided.

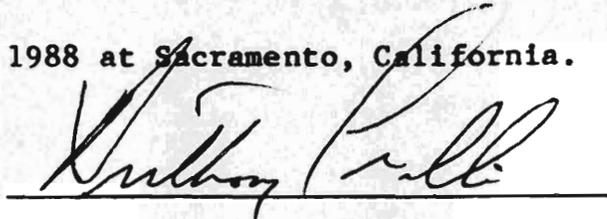
10. Dimes against Crimes did not make any expenditures in connection with March Fong Eu's Senate campaign. See Exhibit A and copies of campaign disclosure reports filed pursuant to state law marked as Exhibits D-2 through D-6.

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11. For documentation describing the purpose of Dimes Against Crimes, see, generally, Exhibits. Specifically, see Exhibit P-4.

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

Executed on November 4, 1988 at Sacramento, California.

A handwritten signature in cursive script, appearing to read "Anthony L. Miller", is written over a horizontal line.

ANTHONY L. MILLER

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SUPPLEMENTAL ANSWER OF ANTHONY L. MILLER

With Respect To

Answers to Interrogatories directed to RICHARD KOO,
Treasurer, March Fong Eu for Senate Committee

Note: Jan Wasson prepared the Termination Report filed with the Commission for the period covering July 1, 1987 through December 31, 1987. The report was thereafter submitted to Mr. Koo for his signature. Mr. Koo was not, however, personally familiar with the documentation which provided the basis for the report. See Exhibit A. He has requested that I respond to Interrogatory (3) directed to him since I am the custodian of the supporting documentation.

I have reviewed the documentation which was the basis for preparing the report in question and I have searched my own recollection as to the activities of the March Fong Eu for Senate Committee for the period in question. Such review and search indicate the following:

3. With respect to "consulting fees", the senate campaign kept individuals on the payroll to perform essentially clerical functions for the senate committee

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after Dr. Eu announced that she was putting her campaign "on hold" on July 27, 1987. Two were paid small amounts to assist in closing down the office through September. The consultants processed mail, paid bills, and helped to "close the office". They were not involved in behalf of a senate candidacy which was no longer "active". Solicitation for funds and for support had ceased. Jan Wasson remained as a consultant to assist in the preparation of the campaign financial disclosure reports. The primary consultants and employees, those hired to develop and implement campaign strategy, terminated on or before July 1, 1987.

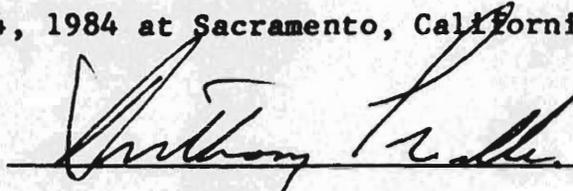
The travel expense entry to Delta Airlines dated October 23, 1987 represented payment for a trip taken by Dr. Eu and a staff person to Portland on or about August 21, 1987 to attend the 8th Biennial Convention of the National Women's Political Caucus. See Exhibit B. There is no record of any remarks given by Dr. Eu, if any were given. However, I recollect that the purpose of the trip was to encourage the election of women to public office. In that the purpose of the trip did not relate to qualifying Dimes Against Crimes for the ballot, senate campaign funds were

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used. Other travel expenses indicated on the report were incurred in connection with closing down the office.

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

Executed on November 4, 1984 at Sacramento, California.

A handwritten signature in cursive script, appearing to read "Anthony L. Miller", is written over a horizontal line.

ANTHONY L. MILLER

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Answers of RICHARD KOO, Treasurer,
March Fong Eu for Senate Committee, to Interrogatories
and Request for Production of Documents
In the Matter of
MUR 2621

1. I was not involved in the active day-to-day management, the formulation of strategy nor the implementation of said strategy with respect to Dr. Eu's campaign for the United States Senate. Staff in my office did help prepare the required campaign disclosure reports for the period concluding June 30, 1987. However, my staff was not involved in such preparations thereafter. All records were transferred to the committee after the campaign was "put on hold" in July 1987. I am informed and I believe that all such records are currently in the custody of Anthony L. Miller. I do not know when March Fong Eu ceased to be a candidate for election to the United States Senate. Based on the information contained in Exhibit "A" attached hereto, I believe that her campaign was put on hold sometime prior to July 27, 1987 and that she was no longer a candidate sometime prior to October 29, 1987. See Exhibit "B".

2. March Fong Eu publicly announced that her campaign for the United States Senate was "on hold" on July 27, 1987. See Exhibit "A". She announced that she was withdrawing from the race on October 29, 1987. See Exhibit "B".

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3. I did not personally prepare the Termination Report filed with the Commission for the period covering July 1, 1987 through December 31, 1987. I am informed and I believe that the report was prepared for my signature by Jan Wasson at 3449 Beethoven Street, Los Angeles, California 90066 (213-391-5140). The supporting documentation for preparing the report is not in my possession. I am informed and I believe that it is in the custody of Anthony L. Miller. I have asked him to respond to your interrogatory in this regard since he has the supporting documentation and because I have no personal knowledge or recollection concerning this matter.

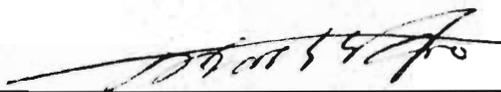
4. I did not personally prepare the Termination Report filed with the Commission for the period covering July 1, 1987 through December 31, 1987. I am informed and I believe that the report was prepared for my signature by Jan Wasson at 3449 Beethoven Street, Los Angeles, California 90066 (213-391-5140). I have no specific recollection as to why the entry was made indicating that the transfer of \$50,000 to Dimes Against Crimes on September 14, 1987, was to an "authorized committee". That entry is erroneous. Dimes Against Crimes was not an

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"authorized committee" within the meaning of the Act. Its purpose was to qualify a measure for the state ballot. It was not authorized to promote Dr. Eu's candidacy for the United States Senate and, to the best of my knowledge, it did not do so.

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

Executed on October 28, 1988 at Los Angeles, California.



RICHARD KOO, Treasurer

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Declaration of JAN WASSON,
In the Matter of MUR 2621

I, JAN WASSON, declare that:

1. I was retained by the March Fong Eu for Senate Committee to assist in the preparation of the Termination Report covering the period from July 1, 1987 through December 31, 1987.

2. I prepared said report for the signature of the committee treasurer, Mr. Richard Koo.

3. On Schedule B of the printed form for said report I indicated the transfer of \$50,000 from the March Fong Eu for Senate Committee to Dimes Against Crimes on September 14, 1987. I indicated other transfers to other state committees as well. Under the heading "Itemized Disbursements", I typed "Transfers to Other Committees". I have no specific recollection at this time what prompted me to type these words under the heading. I suspect it was based on conversations I had with staff of the Federal Elections Commission. That, however, is speculation.

4. On the Detailed Summary Page of said report I indicated on line 18 transfers to other "authorized" committees in the amount of \$87,098. That entry was clearly erroneous. I failed to note or I failed to consider the significance of the word "authorized". If I

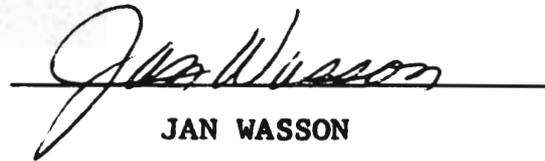
Exhibit A

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noted it at all, I assumed that the word "authorized" referred to committees approved by Dr. Eu pursuant to state law. I did not realize that it referred to committees "authorized" to promote Dr. Eu's senate candidacy. These committees, quite clearly, had no such authority and, to the best of my knowledge, never did so.

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

Executed on October 28, 1988 at Los Angeles,
California.


JAN WASSON

89040750248



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

March 10, 1989

MEMORANDUM

TO: The Commission
FROM: Lawrence M. Noble *LM*
General Counsel
SUBJECT: MUR #2621

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe were mailed on March 10, 1989. Following receipt of the respondent's reply to this notice, this Office will make a further report to the Commission.

Attachments

- 1-Brief
- 2-Letter to respondent

89040750249



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 10, 1989

Mr. Anthony L. Miller, Esquire
5496 Pacific Avenue
Pleasant Grove, California 95668

RE: MUR 2621
Dimes Against Crimes, and
Anthony Miller, as
treasurer

Dear Mr. Miller:

Based on a complaint filed with the Federal Election Commission on June 1, 1988, and information supplied by you, the Commission, on October 13, 1988, found that there was reason to believe Dimes Against Crimes ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a), and instituted an investigation of this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

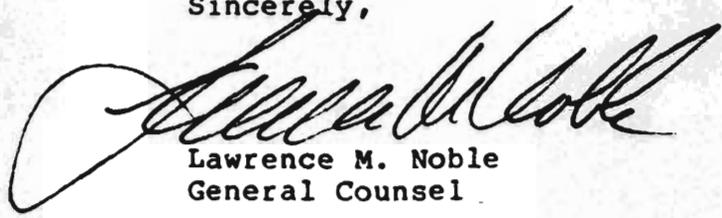
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Anthony L. Miller
Page 2

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Thomas J. Whitehead, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble
General Counsel

Enclosure
Brief

89040750251

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Dimes Against Crimes, and) MUR 2621
Anthony Miller, as treasurer)

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter originates from a complaint brought by Clarence Hillete against California Secretary of State March Fong Eu, a candidate for election in 1988 to the U.S. Senate. The gravamen of the complaint was that March Fong Eu, the proponent of a statewide initiative proposal called "Dimes Against Crimes," allegedly used the initiative to promote her Senate candidacy and as a means to circumvent the Act's contribution limits. As its basis, the complaint relied solely upon a newspaper article reporting that "March Fong Eu acknowledged yesterday that her 'Dimes Against Crimes' state initiative was concocted partially as a way to give her fledgeling U.S. Senate bid 'a boost' and skirt \$1,000 contribution limits required in a federal race." The complaint raised the question of whether Dr. Eu's involvement in the statewide initiative should be considered part of her Senatorial campaign effort and, if so, whether funds contributed to and disbursed by "Dimes Against Crimes" are considered "contributions" or "expenditures" of sufficient magnitude as to incur registration and reporting obligations under 2 U.S.C. § 433(a) and § 434(a).

The response to the complaint claimed that "Dimes Against Crimes," a state committee, was formed for the purpose of

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attempting to qualify an initiative measure for the California ballot.^{1/} According to the response, the qualification effort was one in which Dr. Eu became personally involved following a violent attack on her person and property. The response denied that "Dimes Against Crimes" was an effort to promote Eu's candidacy, asserting that, in fact, Eu's Senate campaign had been suspended prior to the time that the signature gathering campaign for "Dimes Against Crimes" had begun.

On October 12, 1988, the Commission found reason to believe that "Dimes Against Crimes" violated 2 U.S.C. §§ 433(a) and 434(a). Interrogatories and requests for production of documents were also approved and sent to "Dimes Against Crimes" and the March Fong Eu for Senate Committee. A response was received in early November, 1988 from Anthony L. Miller, as treasurer for "Dimes Against Crimes" and as Counsel for March Fong Eu. Mr. Miller also submitted answers to interrogatories and extensive documentation.

The evidence shows that "Dimes Against Crimes" began its signature collecting activity on July 27, 1987 following Dr. Eu's announcement at a press conference that she was "[p]utting [her] campaign for the United States Senate on hold until 'Dimes

^{1/} The referendum would have raised the tax on alcohol and gasoline and turned over the money so raised to local law enforcement agencies to bolster staffs, purchase equipment, and generally be used in the enforcement of the criminal laws of California. Because of the failure to gather enough signatures for qualification, the initiative did not get on the ballot.

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Against Crimes' qualifies this December." The evidence further shows that Dr. Eu's Senate Committee discontinued soliciting contributions several days prior to that date and did not actively solicit contributions thereafter; the Senate campaign was ultimately abandoned.

In her many public appearances after July 27, 1987 on behalf of "Dimes Against Crimes", Dr. Eu did not make any references to her candidacy for the Senate, neither soliciting contributions nor attempting to influence her election.^{2/} Dr. Eu publicly withdrew from the race for the Senate seat on October 29, 1987.

The evidence submitted on behalf of the Committee showed that there were expenditures made on behalf of the Committee after the above mentioned July 27, 1987 date for such items as consulting fees, travel expenses, and fundraising, all of which suggested that campaign efforts by the Committee continued after "Dimes Against Crimes" was organized. In addition, there was one particularly troubling entry, namely, the itemization of a transfer of \$50,000 on September 14, 1987 to "Dimes Against Crimes" designated as "Transfers to other authorized Committees."

2/ Mr. Miller submitted copies of over 40 speeches made by Dr. Eu on behalf of "Dimes Against Crimes" from mid 1987 through early November, 1987. These speeches were delivered to organizations such as Neighborhood Watch Committees, County Sheriffs Associations, Senior Citizens Associations, Womens Organizations and the like. In none of these speeches is there any reference to her Senate race.

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In connection with expenditures for "consulting fees", it was stated that the Committee kept individuals on its payroll to perform clerical functions including processing mail, paying bills and "closing the Office". One "consultant" assisted in the preparation of campaign reports.

The one travel expense reported represented payment for a trip taken by Dr. Eu and a staff person in August, 1987 to attend a convention of the National Women Political Caucus. Because the trip did not relate to "Dimes Against Crimes", the trip was billed to the Committee.

As to fundraising expenses, the only item listed is an expenditure paid to the candidate on September 22, 1987. As to the transfer of the \$50,000 mentioned above, which was listed as part of "transfers to other authorized Committees," the affidavit of the preparer of the report indicates that the listing was a mistake made because of an erroneous understanding by her that the reference on the report was to state committees and not to committees "authorized to promote Dr. Eu's Senate candidacy."

II. ANALYSIS

The Act defines a political committee to include any committee, club, association, or other group of persons that receives contributions aggregating in excess of \$1,000 during a calendar year or makes expenditures aggregating in excess of \$1,000 during a calendar year. 2 U.S.C. § 431(4). Upon

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qualification as a political committee, such an entity is required to register with and report to the Commission. 2 U.S.C. § 433(a) and § 434(a). The Act defines a "contribution" to include "any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office." 2 U.S.C. § 431(8)(A)(i). Similarly, the Act defines "expenditure" to include "any gift of money, or anything of value made by any persons for the purpose of influencing any election for Federal office. 2 U.S.C. § 431(9)(A).

Neither the Act nor the Commission's regulations define the phrase "for the purpose of influencing." However, the Commission has rendered advisory opinions in which it considered this language in relation to specific situations where candidates for Federal office engage in public activities that may help their campaigns. The Commission has considered the nature and purposes of an event sponsored by a group and involving the active participation of a candidate for Federal office to determine if such an event is campaign-related. The Commission has stated that if an event involves (i) the solicitation of political contributions or (ii) the express advocacy of a candidate's election or defeat, then the event would be viewed as a campaign event for the purpose of influencing a Federal election; the Commission has also concluded that the absence of express advocacy or solicitations will not preclude a determination that

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public appearances are campaign related. See Advisory Opinions 1986-37, 1984-13, 1982-50 and 1982-16.

Dr. Eu appeared before gatherings which appear to be interested in solutions to criminal activity such as law enforcement groups, neighborhood crime watches, women's organizations and the like. Because she had suspended her campaign for federal office and her remarks in all cases were confined to "Dimes Against Crimes" and did not contain any references to her candidacy, it is the opinion of this Office that her appearances were not "campaign related."

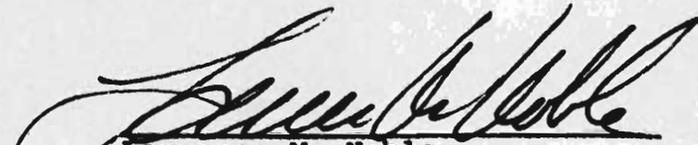
The Commission found reason to believe that "Dimes Against Crimes" had violated the Act by failing to register as a political Committee and to file periodic reports. However, the evidence seems clear that "Dimes Against Crimes" was a state committee organized to obtain the necessary signatures for a proposed referendum which would raise alcohol and gasoline taxes and turn over the tax proceeds to local law enforcement agencies to bolster staffs, purchase equipment and generally be used in the enforcement of the criminal laws of California. At no time, did Dr. Eu utilize this committee to further her campaign for the Senate. Indeed, the evidence shows that Dr. Eu virtually discontinued her Senate campaign after the July 27, 1987 announcement mentioned above. Therefore, the Office of the General Counsel recommends that the Commission find no probable cause to believe that Dimes Against Crimes and Anthony Miller, as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a).

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III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe that Dimes Against Crimes and Anthony Miller, as treasurer, violated 2 U.S.C. S 433(a) and 434(a).

3/9/89
Date


Lawrence M. Noble
General Counsel

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Anthony L. Miller
Attorney-at-Law

OGC 2231
5496 Pacific Avenue
Pleasant Grove, California 95668
Telephone (916) 443-6924

March 15, 1989

09 MAR 20 PM 5:09

Office of the Secretary
Federal Elections Commission
Washington, D.C. 20463

Re: MUR 2621
Dimes Against Crimes, and
Anthony Miller, as treasurer

Gentlepersons:

For the reasons set forth in the General Counsel's Brief dated March 9, 1989 and our previous submissions to the Office of the General Counsel, Dimes Against Crimes and all related parties join in supporting the recommendation of the General Counsel that the Commission find no probable cause to believe that a violation of the Act has occurred.

Respectfully submitted,

/s/

ANTHONY L. MILLER,
Treasurer, Dimes Against
Crimes and Counsel for Dimes
Against Crimes and all
related parties

cc: Office of General Counsel

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FEDERAL ELECTIONS COMMISSION

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Anthony L. Miller
Attorney-at-Law
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FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 MAR 21 AM 10: 36

5496 Pacific Avenue
Pleasant Grove, California 95668
Telephone (916) 448-6924

89 MAR 21 PM 3: 39
FEDERAL ELECTION COMMISSION

March 15, 1989

Office of the Secretary
Federal Elections Commission
Washington, D.C. 20463

Re: MUR 2621
Dimes Against Crimes, and
Anthony Miller, as treasurer

Gentlepersons:

For the reasons set forth in the General Counsel's Brief dated March 9, 1989 and our previous submissions to the Office of the General Counsel, Dimes Against Crimes and all related parties join in supporting the recommendation of the General Counsel that the Commission find no probable cause to believe that a violation of the Act has occurred.

Respectfully submitted,

/s/

ANTHONY L. MILLER,
Treasurer, Dimes Against
Crimes and Counsel for Dimes
Against Crimes and all
related parties

cc: Office of General Counsel

99040750260

RECEIVED
FEDERAL ELECTION COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

89 FEB 27 PM 4:36

In the Matter of)

March Fong Eu)

MUR 2621)

SENSITIVE

EXECUTIVE SESSION

MAR 07 1989

GENERAL COUNSEL'S REPORT

I. BACKGROUND

As part of the investigation in MUR 2621, the reports of the March Fong Eu for Senate Committee were checked. One item listed as a travel expense on October 23, 1987 was a payment of \$679 to Delta Airlines. In response to interrogatories, a spokesman for the March Fong Eu for Senate Committee (the "Committee") stated that this item represented payment for a trip taken by March Fong Eu and a staff person to Portland Oregon "taken on or about August 21, 1987 to attend the 8th Biennial Convention of the National Women's Political Caucus." He stated that since the trip was not related to qualifying Dimes Against Crimes on the California ballot, it was paid for by the funds of the Committee.

II. ANALYSIS

2 U.S.C. § 439a prohibits a candidate or incumbent from using campaign contributions for personal expenses, other than to defray any "ordinary and necessary expenses incurred in connection with his or her duties as a holder to Federal office. See also 11 C.F.R. § 113.2(d). Dr. Eu is the current Secretary of State for California; she has not and does not hold a federal office. Clearly then, the use by her of contributions to her Senate Committee to defray the cost of the airplane fare for her and a staff person to attend a convention of the National Women's

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Political Caucus was a violation of 2 U.S.C. § 439a. Therefore, there is reason to believe that March Fong Eu violated 2 U.S.C. § 439a; however, it is the opinion of the Office of General Counsel that because of the small amount of funds involved and the apparent unfamiliarity with the Act of the respondent, the Commission should take no further action on this violation.

III. RECOMMENDATION

1. Find reason to believe that March Fong Eu violated 2 U.S.C. § 439a, but take no further action as to this violation.
2. Approve the attached letter and factual and legal analysis.
3. Close the file as it pertains to March Fong Eu.

Lawrence M. Noble
General Counsel

2/27/89
Date

By: *Lois G. Lerner*
Lois G. Lerner
Associate General Counsel

Attachment

1. Letter to Respondent, March Fong Eu
2. Factual and Legal Anaysis

89040750262



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

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

DATE: MARCH 1, 1989

SUBJECT: OBJECTIONS TO MUR 2621 - General Counsel's Report
Signed February 27, 1989

89040750263

The above-captioned document was circulated to the Commission on Tuesday, February 28, 1989 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	<u> X </u>
Commissioner Elliott	<u> </u>
Commissioner Josefiak	<u> X </u>
Commissioner McDonald	<u> </u>
Commissioner McGarry	<u> </u>
Commissioner Thomas	<u> X </u>

This matter will be placed on the meeting agenda for March 7, 1989.

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



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

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

DATE: MARCH 2, 1989

SUBJECT: OBJECTIONS TO MUR 2621 - General Counsel's Report
Signed February 27, 1989

The above-captioned document was circulated to the Commission on Tuesday, February 28, 1989 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	<u> X </u>
Commissioner Elliott	<u> x </u>
Commissioner Josefiak	<u> X </u>
Commissioner McDonald	<u> x </u>
Commissioner McGarry	<u> </u>
Commissioner Thomas	<u> X </u>

This matter will be placed on the meeting agenda for March 7, 1989

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

89040750264



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN
COMMISSION SECRETARY

DATE: MARCH 2, 1989

SUBJECT: OBJECTIONS TO MUR 2621 - General Counsel's Report
Signed February 27, 1989

The above-captioned document was circulated to the Commission on Tuesday, February 28, 1989 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	<u> X </u>
Commissioner Elliott	<u> </u>
Commissioner Josefiak	<u> X </u>
Commissioner McDonald	<u> X </u>
Commissioner McGarry	<u> </u>
Commissioner Thomas	<u> X </u>

This matter will be placed on the meeting agenda for March 7, 1989.

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

89040750265

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20543

TIME TRANSMITTED: Tuesday, Feb. 28, 1989 11:00

RECEIVED BY: ELLIOTT, JOSEPH, [REDACTED] NEASEY, THOMAS

DATE OF COMMISSION SECRETARY BY Thursday, March 2, 1989 11:00

**SUBJECT: 1988-2621 - General Counsel's Report
Signed February 27, 1989.**

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FEDERAL ELECTION COMMISSION
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- I approve the recommendation
- I object to the recommendation

COMMENTS: Prefer "NO RTB" to "RTB"
and take no further action."

DATE: 3-1-89 **SIGNATURE:** *Danny McDonald*

**A DEFINITE VOTE IS REQUIRED. ALL BALLOTS MUST BE SIGNED AND DATED.
PLEASE RETURN ONLY THE BALLOT TO THE COMMISSION SECRETARY.
PLEASE RETURN BALLOT NO LATER THAN DATE AND TIME SHOWN ABOVE.**

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
March Fong Eu) MUR 2621

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of March 7, 1989, do hereby certify that the Commission took the following actions in MUR 2621:

1. Failed on a vote of 3-2 to pass a motion to find no reason to believe that March Fong Eu violated 2 U.S.C. § 439a and close the file as it pertains to March Fong Eu.

Commissioners Elliott, Josefiak, and Thomas voted affirmatively for the motion. Commissioners McDonald and McGarry dissented. Commissioner Aikens was not present at the time this matter was under consideration.

2. Failed on a vote of 3-2 to pass a motion to
 - a) Find reason to believe that March Fong Eu violated 2 U.S.C. § 439a, but take no further action as to this violation.

(continued)

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- b) Approve the letter and factual and legal analysis attached to the General Counsel's report dated February 27, 1989.
- c) Close the file as it pertains to March Fong Eu.

Commissioners McDonald, McGarry, and Thomas voted affirmatively for the motion. Commissioners Elliott and Josefiak dissented. Commissioner Aikens was not present.

- 3. Decided by a vote of 5-0 to take no action on the recommendations contained in the General Counsel's report dated February 27, 1989.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens was not present.

Attest:

3-7-89

Date

Marjorie W. Emmons

Marjorie W. Emmons
Secretary of the Commission

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RECEIVED
FEDERAL ELECTION COMMISSION

BEFORE THE FEDERAL ELECTION COMMISSION

89 APR 10 AM 10:48

In the Matter of)
)
Dimes Against Crimes, and) MUR 2621
Anthony Miller, as treasurer)

**SENSITIVE
EXECUTIVE SESSION**

GENERAL COUNSEL'S REPORT

APR 18 1988

I. BACKGROUND

This matter arose as a result of a complaint received from Clarence Hillete against California Secretary of State March Fong Eu, a candidate for election in 1988 to the United States Senate. Complainant alleged that "Dimes Against Crimes" a committee formed under the laws of California for the purpose of attempting to qualify an initiative measure for the California ballot was being used to promote the Senate candidacy of Dr. Eu.

On October 12, 1988, the Commission found reason to believe that "Dimes Against Crimes" violated 2 U.S.C. §§ 433(a) and 434(a); as to respondents, March Fong Eu, individually, March Fong Eu for Senate and Richard Koo, as treasurer, and Friends of March Fong Eu, and Frank Watase, as treasurer, the Commission voted to take no action pending further investigation. Interrogatories and requests for production of documents were also approved and sent to "Dimes Against Crimes" and the March Fong Eu for Senate Committee. A response was received in early November, 1988 from Anthony L. Miller, as treasurer, for "Dimes Against Crimes" and as Counsel for March Fong Eu, Mr. Miller also submitted answers to interrogatories and extensive documentation as it pertained to all respondents.

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After analyzing the evidence submitted by the treasurer of "Dimes Against Crime," this Office by letter of March 10, 1989, forwarded a brief to the Committee and its treasurer in which it proposed to recommend a finding of no probable cause to believe that the Respondents had violated 2 U.S.C. §§ 433(a) and 434(a). The evidence failed to show any violation of the Act by the other respondents. A reply dated March 15, 1989 was received from Anthony Miller, the committees treasurer, in which he concurred in the recommendation of no probable cause (See Attachment 1).

II. ANALYSIS

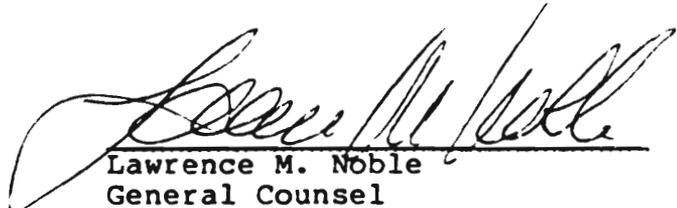
See the brief of the Office of the General Counsel, dated March 9, 1989.

III. RECOMMENDATIONS

1. Find no probable cause to believe that Dimes Against Crimes violated 2 U.S.C. § 433(a) and 434(a).
2. Close the file as to all respondents.
3. Approve the attached letter.

Date

4/7/89


Lawrence M. Noble
General Counsel

Attachments

1. Letter from Anthony L. Miller
2. Letter to respondent
3. Letter to Complainant

89040750271



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

April 24, 1989

Mr. Clarence Hilleke
133 South Harbor View Avenue
San Pedro, CA 90732

RE: MUR 2621

Dear Mr. Hilleke:

This is in reference to the complaint you filed with the Federal Election Commission on June 1, 1988, concerning alleged violations of the Federal Election Campaign Act of 1971, as amended, by March Fong Eu, The March Fong Eu for Senate Committee and Richard Koo, as treasurer.

Based on your complaint, the Commission on October 13, 1988 found that there was reason to believe that Dimes Against Crimes and Anthony L. Miller, as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a), provisions of the Federal Election Campaign Act of 1971, as amended and instituted an investigation of this matter. After an investigation was conducted and the General Counsel's Brief and respondents response were considered, the Commission on April 18, 1989 found that there was no probable cause to believe that Dimes Against Crimes violated 2 U.S.C. §§ 433(a) and 434(a). Accordingly, the file in this matter was closed on April 18, 1989.

This matter will become part of the public record within 30 days. The Federal Election Campaign Act of 1971, as amended, 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 Thomas J. Whitehead the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
General Counsel's Report

89040750273

nlm



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20461

April 24, 1989

Anthony L. Miller, Esquire
5496 Pacific Avenue
Pleasant Grove, California 95668

RE: MUR 2621
Dimes Against Crimes
Anthony L. Miller, as
treasurer

Dear Mr. Miller:

This is to advise you that on April 18, 1989, the Federal Election Commission found that there is no probable cause to believe Dimes Against Crimes ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 433(a) and 434(a). Accordingly, the file in this matter has been closed.

This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

If you have any questions, please contact Thomas J. Whitehead, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
Lawrence M. Noble
General Counsel

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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