FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2853

DATE FILMED 1/24/90 CAMERA NO. 3

CAMERAMAN AS

9904078026 0

06C1341

DENNIS DECONCINI
U.S. SENATOR

Pre Mur 207

December 3, 1988

88 DEC 12 AM 10:50

Ms. Lois Lerner
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Dear Ms. Lerner:

Recently, it was brought to my attention that a DeConcini endorsement letter, signed by Arizona Governor Rose Mofford, was sent without the requisite 441(d) disclaimer. The reason for the omision was staff error.

The letter from Governor Mofford was not a part of our regularly scheduled mailing program. A decision to include it as part of our mail program was made in the early evening of Tuesday, November 1. In order for them to be received before election day, November 8, one week away, the letters had to be in the mail by no later than Thursday, November 4. With the rush to have the letters printed, labeled, stamped, etc., the staff unfortunately, failed to include the disclaimer. The error was in no way intended to mislead Arizona constituents.

The letter was for support only and did not solicit funds. It was sent to a variety of registered voters identified previously as either supporters of the Senator, or undecided. Approximately 70,000 were sent at a cost of $22,000-$25,000. Included with the letter was an attachment of two editorials. A copy of the letter and attachment are enclosed.

Please let me know if there is any further action we should take on this matter. If I can provide any additional information, please contact me at (602) 371-1600.

Sincerely,

Ron

RON OBER
Campaign Chairman

RO/MC/c

NEW ADDRESS
P. O. Box 3[illegible]
Phoenix, Arizona [illegible]

Toll Free: 1-800-537-2352
Phoenix: 4700 N. Central Avenue / Suite 121 / Phoenix, Arizona 85012 / (602) 277-0006
Tucson: 2416 E. Broadway / Tucson, Arizona 85719 / (602) 792-9097

Contributions to this political committee are not tax-deductible.
Paid for by the DeConcini '88 Committee

19208704060

9 9 0 4 0 7 8 0 2 6 2

SAMPLE

ROSE MOFFORD
P.O. Box 39337
Phoenix, Arizona 85069

TUCSON AZ 857
PM
4 NOV
1988

SAMPLE

MR ROBERT W STAPLETON
700X RURAL RT 8
TUCSON AZ 85710

☐ FORWARDING ORDER EXPIRED
☐ INSUFFICIENT ADDRESS
☐ NO SUCH STREET
☐ ATTEMPTED, NOT KNOWN
☐ NO RECEPTACLE
☐ REFUSED
☐ VACANT

RETURN TO SENDER

R-8

An Important Message From Rose Mofford

ROSE MOFFORD

The State Capitol
Phoenix, Arizona

My Fellow Arizonans:

My message to you today is very serious. The future well being of our state is at stake in the race for United States Senate, and I believe Dennis DeConcini must be reelected.

I have known and watched most of the office holders in Arizona for over 47 years, and his record for integrity and accomplishment in public service is among the best. He was raised with a sense of integrity and personal values. He is an honest man and a man of his word.

He has delivered for Arizona and the nation, and his experience, seniority and the respect of his colleagues in the Senate are essential on such issues as the protection of our environment, sensible child care programs, the education of our children, the war on drugs, the Supercollider and many others.

His opponent has unfortunately engaged in negative campaigning and has distorted the facts concerning Dennis' record and his business activities.

Please read the enclosed editorials from the Arizona Republic and the Phoenix Gazette for an independent assessment from critical sources.

As Arizona's governor, I firmly believe we need Dennis' proven leadership in the Senate.

Please join with me to return an excellent Senator whose record of integrity and achievement is outstanding.

Sincerely,

Rose Mofford

ROSE MOFFORD
Governor

THE ARIZONA REPUBLIC
Founded in 1890 Published since 1946 by:
Phoenix Newspapers, Inc., 120 E. Van Buren, Phoenix, Ariz. 85004

EUGENE C. PULLIAM
1889-1975
Publisher, 1946-1975

EUGENE S. PULLIAM
President

PAT MURPHY
Publisher

WILLIAM P. CHESHIRE
Editor of the Editorial Pages

ALAN MOYER
Managing Editor

WM. R. HOGAN
Vice President/General Manager

CONRAD KLOH
Director of Sales

BILL SHOVER
Director of Community Services

Where The Spirit Of The Lord Is, There Is Liberty — II Corinthians 3:17

EDITORIALS

DeCONCINI'S MISFORTUNE

The land deal error

TRY as one will, it is next to impossible to conclude, on the basis of the established facts, that Sen. Dennis DeConcini profited from inside information when he bought and sold a parcel of land lying in the path of the Central Arizona Project.

This was the charge made by Ed Finkelstein, the New Alliance candidate for the senator's seat, and it doesn't hold up.

Along with two brothers and a sister, Sen. DeConcini bought the land in 1979 for $400,000 and sold it six years later for roughly $1.4 million. It was a good investment, no question about it. But the charge isn't that Sen. DeConcini and his siblings made a good investment. The charge is that, by virtue of his official position in Washington, Sen. DeConcini profited from information unavailable to people less favorably positioned — such people as those property owners who sold him the land — and this is a charge that cannot be sustained on the strength of the evidence.

According to the record, there for anyone to check, federal officials conducted public hearings on the proposed CAP route fully four months before the DeConcini land purchase. At that time, the possible routes were narrowed down from 13 to three — all three passing through the property that, four months later, Sen. DeConcini's family corporation purchased, purportedly for commercial development.

There is no mystery here. Anyone who knew about the public hearings would have known that the Central Arizona Project was going to pass through what became the DeConcini property. This does not sound much like insider trading because plainly it was not. Good fortune perhaps, or prudent investment, but certainly not cashing in on special privilege.

Having said that, it becomes necessary to add that the senator's staff appears to have served him badly, feeding him incorrect information and leading him to assert that the government did not settle on the CAP route until several years, not several months, after the land purchase.

Though this discrepancy makes the senator look bad, it is factually unimportant. Whether months or years elapsed between selection of the site and purchase of the property is of no consequence whatever. In order to show that the senator profited improperly from his position in Congress, it would be necessary to demonstrate that he had purchased the property before choice of a route became public, which he did not.

If this charge sticks, it will not be because Sen. DeConcini did anything wrong. It will be because the subject is slightly complicated and because the senator's earlier discrepancy, though inconsequential, is capable of being misunderstood and misinterpreted.

That is unfortunate. It is possible to disagree with the senator's position on many issues, and we have done so, and it is on these grounds that the present campaign should be fought — not on allegations of impropriety that, at the first breath of reality, turn to dust.

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Phoenix Gazette
FOUNDED IN 1880

PUBLISHED SINCE 1946 BY:
PHOENIX NEWSPAPERS, INC.
120 E. VAN BUREN
PHOENIX, ARIZONA 85004

EUGENE C. PULLIAM
1889-1975
Publisher, 1946-1975

EUGENE S. PULLIAM
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Vice President/General Manager

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Director of Sales

BILL SHOVER
Director of Community Services

"Where The Spirit Of The Lord Is, There Is Liberty" — II Corinthians 3:17

Editorials

These are the views of The Phoenix Gazette as an institution, thus are not signed by an individual writer.

Keep DeConcini working

Financial planner Keith DeGreen has been arguing strongly and loudly that he, not incumbent Dennis DeConcini, would make a more effective voice for Arizona's conservative values in the U.S. Senate.

Predictable, maybe. Effective, hardly. Dennis DeConcini is an extremely hard-working, influential and accessible U.S. senator who fights — and usually wins — Arizona's battles in Washington.

He's also in a position to be productive. A Democrat in a Democratic Congress, he is a member of two of the most powerful Senate committees, judiciary and appropriations. DeConcini is poised to jump several notches in seniority should he win re-election. That has to help Arizona's interests.

To be sure, DeConcini's fence-straddling on certain issues exasperates purists of both parties. But realistically, could a Democrat be elected in Arizona without a cautious, middle-of-the-road philosophy? We think not. Besides, Both Democrats and Republicans in Congress often need DeConcini to forge a majority on an issue. What is lost in ideological principle is more than made up in practical influence.

Some Arizonans are bothered that DeConcini is running this year when he said in 1976 that he would seek only two terms. A naive young candidate made that promise, hoping he could reform 200 years of Senate tradition and persuade other senators to do likewise. He recruited only one ally, Barry Goldwater.

After learning a political lesson the hard way, DeConcini changed his mind about serving only two terms in a Senate that rewards seniority with increasingly important assignments.

In his 12 years in the Senate, DeConcini has been accessible, open and trustworthy in making his decisions. What's more, he has shown he can withstand enormous political pressure.

More troubling than anything else was DeConcini's role in trying to circumvent the established review process of the National Endowment for the Arts to win funds for a single dance troupe — a group that happened to be represented by a law firm that employed DeConcini's son-in-law. DeConcini failed. We hope the senator will not try again.

DeConcini, a former prosecutor, is one of the Senate's most determined drug fighter. He has taken on Mexican officials for their sometimes cavalier attitude toward drug lords. He also has pressed hard for the use of the highest military technology in the drug war.

DeGreen, despite his obvious intelligence, has virtually no public record on which to judge his performance. He didn't bother to vote in 1982, 1984 or 1986. The state's voters can't take a flyer on a person whose interest in public affairs seems to coincide with his ambition to become a U.S. senator.

Voters would do the right thing for the state and the nation by returning Dennis DeConcini to the U.S. Senate for a third term.

glm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 28, 1988

Ron Ober, Campaign Chairman
DeConcini '88 Committee
4700 N. Central Avenue
Suite 121
Phoenix, AZ 85012

Re: Pre-MUR 207

Dear Mr. Ober:

This is to acknowledge receipt of your letter dated December 3, 1988, pertaining to the DeConcini endorsement letter signed by Governor Rose Mofford and sent without the required disclaimer. You will be notified as soon as the Federal Election Commission takes action on your submission.

If you have any questions, please call Joan Stieber, the staff member assigned to this matter, at (202) 376-5690. For your information, we have attached a brief description of the Commission's procedures for handling matters such as this.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by JSN

By: Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

9904070250

FEDERAL ELECTION COMMISSION RECEIVED
89 APR 18 AM 9:27

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

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE
EXECUTIVE SESSION

PRE-MUR # 207
STAFF MEMBER: Janice Lacy

MAY 02 1989

SOURCE: INTERNALLY GENERATED

RESPONDENT: DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, Sua sponte

RELEVANT STATUTE: 2 U.S.C. § 441d(a)(1)

INTERNAL REPORTS CHECKED: B Index

FEDERAL AGENCIES CHECKED: None

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I. GENERATION OF MATTER

On December 19, 1988, the Office of the General Counsel received a letter from Ron Ober, Campaign Chairman for Arizona Senator Dennis DeConcini. The letter, dated December 3, 1988, states that a DeConcini endorsement letter had been sent by the DeConcini '88 Committee without the disclaimer required by 2 U.S.C. § 441d(a). The endorsement letter was signed by Arizona Governor Rose Mofford, on paper bearing Governor Mofford's letterhead. In the letter, Governor Mofford urged recipients to join her in "return[ing] an excellent Senator whose record of integrity and achievement is outstanding." Approximately 70,000 copies of the letter were sent at a cost of $22,000 - $25,000. They were addressed to registered voters who had been identified as DeConcini supporters, or as undecided.

Included with the letter were copies of two newspaper editorials concerning Senator DeConcini. The first editorial,

printed in The Arizona Republic, was titled: "DeConcini's Misfortune - The land deal error." This editorial responded to allegations by an opposing senatorial candidate that Senator DeConcini had profited from inside information about a land deal. It did not, however, advocate either the Senator's election or defeat. The second editorial, printed in The Phoenix Gazette, was titled: "Keep DeConcini Working," and urged voters to re-elect Senator DeConcini.

Mr. Ober states that the endorsement letter was produced and distributed on short notice the week before the congressional election, and in the rush to implement the mailing, "the staff unfortunately failed to include the disclaimer." He asserts that this omission "was in no way intended to mislead Arizona constituents." Finally, it appears that the DeConcini campaign financed the mailing; Mr. Ober refers to a decision to include the letter "as part of our mail program."

II. FACTUAL AND LEGAL ANALYSIS

Whenever any person finances a communication expressly advocating the election or defeat of a clearly identified candidate, through direct mailing or any other type of general public political advertising, such communication, if paid for and authorized by an authorized political committee of a candidate, must clearly state that the communication was paid for by such authorized political committee. 2 U.S.C. § 441d(a)(1).

The endorsement letter signed by Governor Rose Mofford and sent by the DeConcini '88 Committee expressly advocates the

0 0 0 4 0 7 5 0 2 5 8

re-election of Senator DeConcini, as does one of the two editorials enclosed with the letter. This material was mailed to selected members of the general public; it thus appears that the letter was distributed through direct mail. Furthermore, the DeConcini campaign appears to have paid for and authorized the mailing. The endorsement letter, however, fails to state that the mailing was paid for by an authorized political committee of Senator DeConcini. Therefore, this Office recommends that the Commission find reason to believe that the DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, violated 2 U.S.C. § 441d(a)(1).

III. RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, violated 2 U.S.C. § 441d(a)(1).
3. Approve the attached letter and Factual and Legal Analysis.
4. Approve the attached questions.

Lawrence M. Noble
General Counsel

April 17, 1989
Date

BY: George F. Rishel
George F. Rishel
Acting Associate General Counsel

Attachments

1. Letter from Mr. Ober
2. Proposed Letter and Factual and Legal Analysis
3. Proposed Questions

Staff Person: Janice Lacy

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BEFORE THE FEDERAL ELECTION COMMISSION

(MUR 2853)

In the Matter of	)	
	)	Pre-MUR 207
DeConcini '88 Committee and	)	
Thomas F. Karlsen, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of May 2, 1989, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions with respect to Pre-MUR 207:

1. Open a Matter Under Review (MUR).

2. Find reason to believe that DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, violated 2 U.S.C. § 441d(a)(1).

3. Approve the letter and Factual and Legal Analysis attached to the General Counsel's report dated April 17, 1989, subject to revisions as agreed upon during the meeting discussion.

(continued)

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4. Decline to send the questions attached to the General Counsel's report dated April 17, 1989, but instead direct the Office of General Counsel to contact the respondents to ask certain questions orally to obtain needed information pursuant to the discussion at this meeting.

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

Attest:

May 3, 1989
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

90407602711

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1989

Thomas F. Karlsen, Treasurer
DeConcini '88 Committee
4350 E. Camelback
Phoenix, AZ 85018

RE: MUR 2853
DeConcini '88 Committee and
Thomas F. Karlsen, as
treasurer

Dear Mr. Karlsen:

On May 2, 198, the Federal Election Commission found that there is reason to believe the DeConcini '88 Committee ("Committee") and you, as treasurer, violated 2 U.S.C. § 441d(a)(1), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee 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 within 15 days of your 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 the Committee and you, as treasurer, the Commission may find probable 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

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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.

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.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Janice Lacy, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

9904070273

OGC 2900

JOSEPH R. BIDEN, JR., DELAWAR[redacted]
[redacted]D M. KENNEDY, MASSACHUSETTS
[redacted]D M. METZENBAUM, OHIO
DENNIS DeCONCINI, ARIZONA
PATRICK J. LEAHY, VERMONT
HOWELL HEFLIN, ALABAMA
PAUL SIMON, ILLINOIS
HERBERT KOHL, WISCONSIN

STROM [redacted]D, SOUTH CAROLINA
ORRIN G. HATCH, UTAH
ALAN K. SIMPSON, WYOMING
CHARLES E. GRASSLEY, IOWA
ARLEN SPECTER, PENNSYLVANIA
GORDON J. HUMPHREY, NEW HAMPSHIRE

MARK H. GITENSTEIN, CHIEF COUNSEL
DIANA HUFFMAN, STAFF DIRECTOR
TERRY L. WOOTEN, MINORITY CHIEF COUNSEL
R.J. DUKE SHORT, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

May 24, 1989

Chairman Danny L. McDonald
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

89 MAY 30 PM 3:45
FEDERAL ELECTION COMMISSION

RE: MUR 2853

Dear Chairman McDonald:

This is to acknowledge receipt of your May 9, 1989 letter to the DeConcini '88 Committee (Committee) regarding MUR 2853.

As the Federal Election Commission (FEC) is aware, Mr. Tom Karlsen is no longer treasurer of the Committee. Nevertheless, the above mentioned letter was addressed to Mr. Karlsen in his Committee treasurer capacity. Because of this, the Committee did not receive notice of the FEC's review until Friday, May 19, 1989. This fact was confirmed during a May 23, 1989 phone conversation between an FEC representative and Mr. Gene Karp, Administrative Assistant to Senator DeConcini.

Mr. Karp also received verbal confirmation during the May 23, 1989 conversation that the 15 day response period for submitting materials or requesting pre-probable cause conciliation would not begin to run until May 19, 1989, the date on which the Committee actually received notice.

It is the intent of the Committee to work with the FEC to resolve this matter in an expedient and appropriate manner, as indicated by the degree of cooperation displayed by the Committee to this point.

If there are any questions or additional information is needed, please do not hesitate to contact either Ed Baxter or Matthew McCoy, Chief Counsel and Majority Counsel respectively, on my Judiciary Staff. They may be reached at (202) 224-8178.

Very truly yours,

Dennis DeConcini

Dennis DeConcini
United States Senator

cc: Janice Lacy

9 9 0 4 0 7 0 2 7 4

JOSEPH R. BIDEN, Jr., DELAWARE
EDWARD M. KENNEDY, MASSACHUSETTS
HOWARD M. METZENBAUM, OHIO
DENNIS DeCONCINI, ARIZONA
PATRICK J. LEAHY, VERMONT
HOWELL HEFLIN, ALABAMA
PAUL SIMON, ILLINOIS
HERBERT KOHL, WISCONSIN

STROM THURMOND, SOUTH CAROLINA
ORRIN G. HATCH, UTAH
ALAN K. SIMPSON, WYOMING
CHARLES E. GRASSLEY, IOWA
ARLEN SPECTER, PENNSYLVANIA
GORDON J. HUMPHREY, NEW HAMPSHIRE

MARK H. GITENSTEIN, CHIEF COUNSEL
DIANA HUFFMAN, STAFF DIRECTOR
TERRY L. WOOTEN, MINORITY CHIEF COUNSEL
R.J. DUKE SHORT, MINORITY STAFF DIRECTOR

OGC 2932

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, DC 20510-6275

June 2, 1989

Ms. Ann Weissenborn Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 2853

Dear Ms. Weissenborn:

As per of telephone conversation of this morning, this letter will serve as indication of the DeConcini '88 Committee's interest in pursuing pre-probable cause conciliation of MUR 2853.

I would also like to take this opportunity to reiterate the Committee's intent to cooperate fully with the Commission in order to reach a fair and appropriate resolution of this matter. If I may be of further assistance please contact me at (202) 224-8178.

Very truly yours,

Matthew J. McCoy

Matthew J. McCoy
Majority Counsel

cc: Chairman Danny McDonald

MC/mc

89 JUN -2 PM 1:10

9 9 0 4 0 7 5 5 2 7 5

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2853

NAME OF COUNSEL: Matthew J. McCoy

ADDRESS: Patents, Copyrights & Trademarks Subcommittee
Hart Room 327; U.S. Senate
Washington, D.C. 20510

TELEPHONE: (202) 224-8178

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.

June 2, 1989
Date

Dino DeConcini /s/ Matthew McCoy
Signature

RESPONDENT'S NAME: Dino DeConcini, Treasurer

ADDRESS: DeConcini '88
4350 East Camelback
Phoenix, Az. 85018

HOME PHONE:

BUSINESS PHONE: (602) 277-0006

9904070270

XEROX TELECOPIER 295 : 5-19-89;11:29 AM; R A PHOENIX → 2022248698 : #10
MAY-19-'89 FRI 09:32 ID:R A PHOENIX TEL NO:6028703874 #793 P10

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 AUG -2 PM 4:47

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
DeConcini '88 Committee and	)	MUR 2853
Thomas F. Karlsen, as treasurer	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

On December 19, 1988, the Office of the General Counsel received a letter from Ron Ober, Campaign Chairman for Arizona Senator Dennis DeConcini. The letter, dated December 3, 1988, states that a DeConcini endorsement letter had been sent by the DeConcini '88 Committee without the disclaimer required by Section 441d(a) of the Federal Election Campaign Act of 1971, as amended ("the Act"). The endorsement letter was signed by Arizona Governor Rose Mofford, on paper bearing Governor Mofford's letterhead. In the letter, Governor Mofford urged recipients to joint her in "return[ing] an excellent Senator whose record of integrity and achievement is outstanding." Approximately 70,000 copies of the letter were sent at a cost of $22,000 - $25,000. They were addressed to registered voters who had been identified as DeConcini supporters, or as undecided.

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9904070277

election or defeat. The second editorial, printed in The Phoenix Gazette, was titled: "Keep DeConcini Working," and urged voters to re-elect Senator DeConcini.

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Whenever any person finances a communication expressly advocating the election or defeat of a clearly identified candidate, through direct mailing or any other type of general public political advertising, such communication, if paid for and authorized by an authorized political committee of a candidate, must clearly state that the communication was paid for by such authorized political committee. 2 U.S.C. § 441d(a)(1). The Commission has defined "direct mail" as meaning a mailing by a commercial vendor or one made from a commercial list.

On May 2, 1989, the Federal Election Commission found reason to believe that the DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, violated 2 U.S.C. § 441d(a).

9904076027 8

By letter dated June 2, 1989, and received by the Commission on June 2, 1989, counsel on behalf of respondents requested pre-probable cause conciliation (Attachment I).

II. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

III. RECOMMENDATIONS

1. Enter into conciliation with the DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, prior to a finding of probable cause to believe.

2. Approve the attached proposed conciliation agreement and letter.

Lawrence M. Noble
General Counsel

8/1/89
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Request for conciliation dated June 2, 1989
2. Proposed conciliation agreement and letter

Staff Person: Mary Ann Bumgarner

9904070279

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS /DELORES R. HARRIS
COMMISSION SECRETARY

DATE: AUGUST 7, 1989

SUBJECT: MUR 2853 - GENERAL COUNSEL'S REPORT
SIGNED AUGUST 1, 1989

The above-captioned document was circulated to the Commission on Thursday, August 3, 1989.

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

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

This matter will be placed on the meeting agenda for Tuesday, August 15, 1989 at 10:00 a.m.

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

9904070280

BALLOT

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: THURS., AUG. 3, 1989 11:00 A.M.

COMMISSIONER: AIKENS, ELLIOTT, JOSEFIAK, McDONALD, McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY MON., AUG. 7, 1989 11:00 A.M.

SUBJECT: MUR 2853 - GENERAL COUNSEL'S REPORT
SIGNED AUGUST 1, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
89 AUG -7 PM 12:40

9904070281

( ) I approve the recommendation

(✓) I object to the recommendation

COMMENTS: _____

DATE: 8/7/89 SIGNATURE [signature]

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.

BALLOT

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DATE & TIME TRANSMITTED: THURS., AUG. 3, 1989 11:00 A.M.

COMMISSIONER: AIKENS, ELLIOTT, JOSEFIAK, [redacted] McGARRY, THOMAS

RETURN TO COMMISSION SECRETARY BY MON., AUG. 7, 1989 11:00 A.M.

SUBJECT: MUR 2853 - GENERAL COUNSEL'S REPORT
SIGNED AUGUST 1, 1989

9904076028 2

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
89 AUG -7 AM 9:45

( ) I approve the recommendation

(✓) I object to the recommendation

COMMENTS: _____

DATE: 8-4-89 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.

FEDERAL ELECTION COMMISSION
SECRETARIAT

89 AUG 10 PM 3:00

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OFFICE OF THE CHAIRMAN

MEMORANDUM

TO: Marjorie W. Emmons
Commission Secretary

FROM: Danny L. McDonald
Chairman

RE: MUR 2853

DATE: August 10, 1989

I would like to withdraw my objection to MUR 2853 and cast my vote in the affirmative.

Thank you for your attention in this matter.

0 9 0 4 0 7 0 0 2 8 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
DeConcini '88 Committee and	)	MUR 2853
Thomas F. Karlsen, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of August 15, 1989, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2853:

1. Enter into conciliation with the DeConcini '88 Committee and Thomas F. Karlsen, as treasurer, prior to a finding of probable cause to believe.

2. Approve the proposed conciliation agreement and letter attached to the General Counsel's report dated August 1, 1989,

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

Attest:

8-16-89
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

9904076029

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 21, 1989

Matthew J. McCoy
Patents, Copyrights & Trademarks
Subcommittee
Hart Room 327; U.S. Senate
Washington, D.C. 20510

RE: MUR 2853
DeConcini '88 Committee and
Thomas F. Karlsen, as
treasurer

Dear Mr. McCoy:

On May 2, 1989, the Federal Election Commission found reason to believe that the DeConcini '88 Committee and Thomas F. Karlsen, as treasurer violated 2 U.S.C. § 441d(a). At your request, on August 15, 1989, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

9904070283

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 19, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Matthew J. McCoy
Patents, Copyrights & Trademarks
Subcommittee
Hart Room 327; U.S. Senate
Washington, D.C. 20510

RE: MUR 2853
DeConcini '88 Committee and
Thomas F. Karlsen, as
treasurer

Dear Mr. McCoy:

On August 21, 1989, you were notified that, at your request, the Federal Election Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On that same date you were sent a conciliation agreement offered by the Commission in settlement of this matter.

Please note that conciliation negotiations entered into prior to a finding of probable cause to believe are limited to a maximum of 30 days. To date, you have not responded to the proposed agreement. The 30 day period for negotiations will soon expire. Unless we receive a response from you within five days, this Office will consider these negotiations terminated and will proceed to the next stage of the enforcement process.

Should you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9904070280

OGC 4871

Dennis DeConcini
United States Senator
Washington, D.C. 20510

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
89 DEC 14 PM 12:28

MUR2853

December 11, 1989

Mr. Danny McDonald
Chairman
Federal Election Commission
999 E Street, NW
Washington, D.C. 20463

Attention: Larry Noble

Dear Mr. McDonald:

This is a follow-up to my earlier letter dated November 1, 1989 concerning Mr. William P. Junge's contribution to the DeConcini '88 Committee.

The questions concerning Mr. William P. Junge's May 7, 1987 contribution in the amount of $600.00 to my 1988 campaign have not been adequately resolved. Therefore, I have returned Mr. William P. Junge's contribution from my own personal funds.

If I can be of further assistance regarding this matter, please feel free to contact me; I presume this matter is closed.

Sincerely,

Dennis DeConcini

DENNIS DeCONCINI
United States Senator

cc: Mr. William P. Junge
2320 Corte del la Jara
Pleasanton, California 94566

Mr. Philip Polich
Emerald Homes
5333 North 7th
Suite 310
Phoenix, Arizona 85014

9904076029 7

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FEDERAL ELECTION COMMISSION
90 JAN -3 AM 11:34

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
DeConcini '88 Committee	)	MUR 2853
Michael D. Hawkins, as	)	
treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement received on December 14, 1989, which has been signed by Gene Karp, counsel for Respondents.

9904070298

9 9 0 4 0 7 8 0 2 8 9

A check for the civil penalty has not been received.

II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with the DeConcini '88 Committee and Michael D. Hawkins, as treasurer.

2. Close the file.

3. Approve the attached letter.

Lawrence M. Noble
General Counsel

Date 1/2/90

BY: Lois G. Lerner
Associate General Counsel

Attachments

1. Conciliation Agreement
2. Letter to Respondent

Staff Assigned: Mary Ann Bumgarner

9904078029 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
DeConcini '88 Committee	)	MUR 2853
Michael D. Hawkins, as treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 8, 1990, the Commission decided by a vote of 6-0 to take the following actions in MUR 2853:

1. Accept the conciliation agreement with the DeConcini '88 Committee and Michael D. Hawkins, as treasurer, as recommended in the General Counsel's Report dated January 2, 1990.

2. Close the file.

3. Approve the letter as recommended in the General Counsel's Report dated January 2, 1990.

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

Attest:

1/9/90
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wednesday, January 3, 1990, 11:34
Circulated to the Commission: Wednesday, January 3, 1990, 4:00
Deadline for vote: Monday, January 8, 1990, 4:00

9904078029 1

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 16, 1990

Gene Karp
Patents, Copyrights & Trademarks
Subcommittee
Hart Room 327; U.S. Senate
Washington, D.C. 20510

RE: MUR 2853
DeConcini '88 Committee and
Michael D. Hawkins, as
treasurer

Dear Mr. Karp:

On January 8, 1990, the Federal Election Commission accepted the signed conciliation agreement submitted on behalf of DeConcini '88 Committee and Michael D. Hawkins, as treasurer, in settlement of a violation of 2 U.S.C. § 441d(a), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter. This matter will become a part of the public record within 30 days. If 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.

Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Mary Ann Bumgarner, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

9904070292

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
DeConcini '88 Committee	)	MUR 2853
Michael D. Hawkins, as	)	
treasurer	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission") pursuant to a letter received from the Campaign Chairman, DeConcini '88 Committee ("Respondents"), on December 12, 1988. The Commission found reason to believe the DeConcini '88 Committee, and its treasurer violated 2 U.S.C. sec. 441d(a)(1).

Now, therefore, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this preceding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. sec. 437g(a)(4)(A)(i).

II. Respondents have had reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. DeConcini '88 Committee is a political committee within the meaning of 2 U.S.C. sec. 431(4).

2. Thomas F. Karlsen was the treasurer of the DeConcini '88 Committee at all times during which events took place giving rise to this matter.

3. The present treasurer of the DeConcini '88 Committee is Michael D. Hawkins, who the Committee contends had no involvement in the events giving rise to this matter.

4. 2 U.S.C. 441d(a)(1) provides that whenever any person finances a communication expressly advocating the election or defeat of a clearly identified candidate, through direct mailing or any other type of general public political advertising, such communication, if paid for and authorized by an authorized political committee of a candidate, must clearly state that the communication was paid for by such authorized political committee. 2 U.S.C. sec. 441d(a)(1).

5. On December 3, 1988, the Campaign Chairman of the DeConcini '88 Committee, on behalf of Respondents, sent a letter to the Office of the General Counsel of the Federal Election commission, initially bringing a 2 U.S.C. sec. 441d(a) violation to the attention of the Commission.

6. On December 12, 1988, the Commission received the December 3, 1988, letter from Respondents.

7. The letter stated that an endorsement letter signed by Arizona Governor Rose Mofford, on paper bearing Governor Mofford's letterhead, had been mailed by the DeConcini '88

committee on November 1, 1988, without the disclaimer required by 2 U.S.C. sec. 441d(a).

8. In the letter of endorsement, Governor Mofford expressly advocated the re-election of Senator DeConcini.

9. Respondents contend that the letter of endorsement does not solicit campaign funds, but rather was intended for support only.

10. Approximately 70,000 copies of the letter were sent to registered voters who had been identified as DeConcini supporters, or as undecided, at a cost of between $22,000 and $25,000. The letters were distributed by direct mail.

11. Included with the letter were copies of two newspaper editorials, one of which urged voters to re-elect Senator DeConcini.

12. In their letter of December 3, 1988, Respondents state that the 2 U.S.C. sec. 441d requisite had not been met, and according to Respondents, the discrepancy was due to staff error which was in no way intended to mislead Arizona constituents.

V. Respondents failed to include a statement with endorsement letters expressly advocating the election of Senator Dennis DeConcini that they were paid for by an authorized political committee of Senator DeConcini, in violation of 2 U.S.C. sec. 441d(a)(1).

VI. Respondents will pay a civil penalty to the Federal Election Commission in the amount of One Thousand Five Hundred Dollars ($1,500.00), pursuant to 2 U.S.C. sec. 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. sec. 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil penalty action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble

General Counsel

BY: _____ 1-16-90

Lois G. Lerner Date

FOR THE RESPONDENTS:

_____ Dec 12, 1989

Gene Karp Date

Counsel

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2863

DATE FILMED 4/27/90 CAMERA NO. 3

CAMERAMAN AS

9904078029 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2853.

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OGC 5158

FEDERAL ELECTION COMMISSION

90 JAN 18 PM 2:17

THE ARIZONA REPUBLIC
120 East Van Buren Street • Phoenix, Arizona 85004
(602) 271-8000

MUR 2853

FAX NO. = (602) 238-4418

DATE 1/18

CLOSED

90 JAN 18 PM 3:38

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

TO/ Larry Noble

FROM Terry Kammer

TELEPHONE = (602) 238-

I thought you would want to see this.
I will call soon, per our conversation yesterday.

2 PAGES TO FOLLOW

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FINAL EDITION

THE ARIZONA REPUBLIC

$1.

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Sunday, November 12, 1989 ★★ Phoenix, Arizona G 100th year, No.

DeConcini contributor's note hints firm illegally gave funds

By Jerry Kammer and Andy Hall
The Arizona Republic

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Campaign contributions from at least one home-building executive to Sen. Dennis DeConcini may have been illegally funded by his employer, Emerald Homes, documents indicate.

Federal Election Commission records show that William P. Junge was one of five Emerald executives in the Phoenix-based firm's northern California office who, on May 7, 1987, contributed $600 each to the Arizona senator's campaign fund.

However, a note from Junge to DeConcini two months ago — a copy of which was obtained by *The Arizona Republic* — says that Emerald "actually made this contribution."

DeConcini notified the election commission of Junge's note on Nov. 1 after an inquiry by *The Republic*.

Under federal election laws, it is illegal for a corporation to make political contributions or to reimburse a contributor in order to, in effect, hide the true source of the funds. Penalties can include negotiated agreements, fines of up to

— See DECONCINI, page A8

JAN-18-1990 03:04 FROM PHOENIX UP-200 P.02 P

DeConcini contributor's note hints firm illegally gave funds

— DECONCINI, *from page A1*

$25,000 and up to a year in prison.

Emerald officials denied any impropriety and said all contributions from employees were their own and were not reimbursed.

Besides the California contributors, four Phoenix-based Emerald executives gave $1,000 each during 1987. An additional $3,000 was contributed by Philip J. Polich, Emerald's president and chief executive officer, and his wife, Cynthia.

Emerald, with operations in the Phoenix, Houston, San Diego and San Francisco areas, was identified in a $1.1 billion federal racketeering lawsuit as participating with Charles H Keating Jr. and others in fraudulent real-estate transactions involving Keating's Lincoln Savings and Loan.

Ethics questions

Keating's campaign contributions to DeConcini and four other U.S. senators are the subject of a preliminary Senate Ethics Committee investigation. The committee is attempting to determine whether the contributions prompted the senators to intervene in April 1987 in Keating's behalf in a battle against federal thrift regulators. Lincoln, a California thrift, has been placed in federal receivership in what apparently is the nation's worst thrift failure.

Emerald's largest transaction with Lincoln was in September 1987, when the company paid $9.6 million for 580 acres in Keating's master-planned community of Estrella, 20 miles southwest of Phoenix. On the same day that it made the purchase, Emerald received a $25 million line of credit from Lincoln.

Once known as Dietz-Crane, the firm was bought in 1982 by a group of Dietz-Crane executives led by Philip Polich. They changed the name to Emerald and in 1986 made it a master limited partnership.

Emerald's vice president and chief financial officer, Eugene L. Baker, said, "On a regular basis, we do request our executive officers to make contributions to political officials, but those are not required contributions, and they are not tied to reimbursements in any way."

'Not making any comment'

But DeConcini spokesman Bob Maynes, said Junge's note "raises the question of whether or not the law was broken" by Emerald.

Junge declined last week to discuss his contribution or explain his note.

"Maybe I'll talk to somebody with some authority if they want to press the issue, (but) I'm not making any comment to the newspaper," said Junge, who resigned from Emerald in May and now operates his own development company in the San Francisco Bay area.

CONTRIBUTIONS TO DECONCINI

1987 contributions to DeConcini from Emerald officials based in northern California.

Neil Anzalone	May 7	$600
Curtis J. Henderson	May 7	$600
William P. Junge	May 7	$600
Tom A. Mendelke (spouse)	May 7	$600
Sam Vanderpool	May 7	$600

1987 contributions to DeConcini from Emerald officials based in Phoenix.

Eugene L. Baker	May 7	$1,000
Philip J. Polich	May 18	$1,000
James F. Wehmueller	May 27	$1,000
Jon M James	May 28	$1,000
Randall P. Birdwell	June 5	$1,000
Cynthia Polich	Dec. 31	$1,000
Philip J. Polich	Dec. 31	$1,000

Junge's note was written on a form letter mailed by DeConcini's office to contributors in early summer explaining that DeConcini's campaign treasurer, Thomas F. Karlsen, apparently had embezzled funds and that they could request a partial refund.

Karlsen was indicted in October by a federal grand jury in Phoenix on five counts of mail fraud stemming from the theft of about $500,000 from DeConcini's election funds since 1982.

The form asked contributors to check a box indicating whether they wished to receive a refund, did not desire a refund or wanted to contribute additional money.

Junge marked the box indicating he wanted no refund and wrote in capital letters on the "Comments" line: "I am no longer with Emerald Homes — the company that actually made this contribution." He underlined the word "actually."

'Under confidential cover'

Maynes said that 1,276 forms were returned in July and August and that campaign workers apparently overlooked Junge's note until *The Republic* asked for a copy.

DeConcini's staff then retrieved the note from their files and sent it on Nov. 1 to the Federal Election Commission with a letter from DeConcini saying it "raises questions that I find necessary and advisable to call to your attention."

FEC press officer Fred Eiland said he could not comment on the DeConcini request for a probe of the Junge contribution.

"If someone writes to the commission indicating there may have been a violation of the law, that could turn into . . . an enforcement action," Eiland said.

"By law, that would be under confidential cover until the commission was completed with it."

Emerald's Baker said the company asked its California employees to contribute to an Arizona senator because "it's an Arizona-based company and we just feel that, in general, Mr. DeConcini has been favorable toward Arizona-based companies in terms of trying to assist those companies in generating legislation which is positive for the Arizona economy, and we were trying to ensure that Mr. DeConcini was re-elected."

DeConcini, a Democrat, was elected to a third Senate term last November.

Senator 'very helpful'

Baker said Emerald supported DeConcini out of gratitude for his efforts in behalf of a "builder bonds" program that helped home builders provide low-cost mortgages in the early 1980s, during a time of high interest rates.

Baker said the program "was very instrumental back in the early '80s in getting the housing business going here in Arizona again."

"Mr. DeConcini was very helpful in that regard. As a result, we felt he was good for Arizona and good for Emerald Homes," Baker said.

Another contributor, Curtis J. Henderson, the head of Emerald's northern California operations, said he "made a contribution to a politician who was supportive of our industry." He refused to say whether he had been reimbursed for his $600 contribution.

Neil Anzalone, also a $600 contributor, said he had not been reimbursed.

"I resent anybody asking about my political contributions," he said heatedly.

Tom A. Mendelke, who also contributed $600 and is shown in FEC records as an Emerald employee, said that he does not work for Emerald but that his wife, Cherel, does. She would not comment.

Tom Mendelke said that his wife has received bonuses but that he does not believe they constituted reimbursement for the contribution.

Mendelke said that he thinks he made the contribution to DeConcini at the suggestion of Emerald officials, even though he and his wife knew little about DeConcini.

"I know who he is and the fact he's the senator from Arizona," Mendelke said.

"I'm not sure exactly of anything else about him. I know Emerald Homes does a lot of business in Arizona."

The fifth California contributor, Sam Vanderpool, did not return phone calls.

Contributing to this article were researchers John Doherty and Philip Curdy of *The Arizona Republic*