FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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David McCalden

PO Box 3849, Manhattan Beach, California 90266, U.S.A.

RECEIVED FEDERAL ELECTIONS COMMISSION ADMINISTRATIVE DIVISION

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Lois G Lerner
Associate General Counsel
Federal Elections Commission
Washington, DC 20463

3 June 1989

Dear Ms Lerner:

Thank you for your helpful letter dated 30 May 1989, received today.

I do indeed wish to make a formal complaint under 11 CFR §111.4 against:

Simon Wiesenthal Center for Holocaust Studies
9760 W Pico Blvd
Los Angeles, CA 90035

and its chief officers, specifically Rabbi Marvin Hier and Rabbi Abraham Cooper, both of whom can be reached at the same address as the SWC.

My information is based on the attached newspaper clippings, as well as the public records of the SWC, located at the Franchise Tax Board of the State of California, based in Sacramento.

At this point, my main complaint is that the SWC, Hier and Cooper, did violate the Federal Elections code by intervening in the Presidential candidacy of the Rev Jesse Jackson in April 1988, in contravention of the SWC's non-profit status.

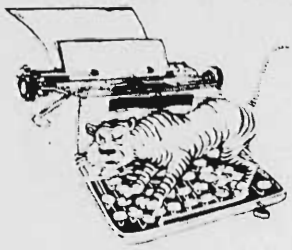
In the local B'nai B'rith Messenger (15 Apr 88 p1) there appeared a front-page feature "by the Simon Wiesenthal Center" advising "Jews not to vote for Jackson." On 28 Apr 88 the same article appeared in the Los Angeles Herald-Examiner. According to the next day's Herald-Examiner the feature would also have run in the SWC magazine Response (circulation: 375,000) but was pulled off the presses at the last minute after the intervention of SWC lawyers.

My complaint is that the SWC and its officers should never have published the feature in either the BBM or the Her-Ex, since non-profit groups are forbidden from such direct intervention in elections. After the fact, it was claimed that the article was not the official view of the SWC, but the personal view of Hier & Cooper. Yet, it seems likely that the feature was mailed out at SWC expense, and was pulled off the press at SWC expense. (I have been unable to prove such expense conclusively, since the Franchise Tax Board unlawfully refuses to release to me the SWC's tax returns; in violation of the California Public records Act.)

By way of background, let me add that the SWC is a hot-bed of criminal activity. Just for illustrative purposes, let me point out that:

1. One of the SWC's Directors, **Robert Ives**, was one of the "straw-men" through whom Michael Goland laundered his illegal donations to candidate Ed Vallen. (FEC vs Goland)

2. Another SWC Director, **Ivan Boesky**, is currently serving a 3-year sentence at Lompoc for stock-fraud.



(please turn to page two)

3. Another SWC Director, **Michael Milken**, is currently under indictment for 89 counts of stock-fraud, regarding his firm of Drexel-Burnham-Lambert.

4. Another SWC Director, **Frank Sinatra**, lost his Nevada gaming license on account of his close connections with underworld criminal figures.

5. Although the IRS Code forbids "self-dealing" SWC Director **Alan Greenberg** is an executive of the Bear-Stearns brokerage firm which underwrites the SWC's $12m cheap loan from the City of Los Angeles. (The loan is also a violation of City policy, which forbids the City doing business with firms which have interests in South Africa.)

6. Although the IRS Code forbids "self-dealing" the SWC's Vice Chairman **Alan Casden** (a property developer who owns CoastFed Properties) is a frequent consultant to the SWC regarding their property acquisitions. They now have at least seven offices around the world. Because the tax authorities will not release to me the SWC's returns, it is impossible to tell how much Casden is compensated by the SWC for his advice and expertise.

7. The scandal surrounding L.A. Mayor Tom Bradley also involves the SWC. Although Bradley is not on the SWC Board, he is a frequent VIP guest at their functions. Since 1979 Bradley has held a large investment in Milken's Drexel-Burnham-Lambert "junk-bond" firm, for whom he made video advertisements, and for whom he accorded City sewer waivers, and profitable City underwriting contracts. Bradley approved a $190m bond issue through Milken's Drexel, to finance a housing project to be built by Casden's CoastFed. (See: L.A. Herald-Examiner 2 Jun 89 pA1.) Bradley's activities are currently the subject of multiple Federal and local corruption investigations.

8. In 1981 the SWC's owners (I can think of no better term) the **Belzberg** family, attempted to take over the Bache Corporation. According to a report in the Wall Street Journal (11 Mar 81 p1) their attempt was rebuffed by Wall Street on account of the Belzbergs' close ties with underworld figures such as Meyer Lansky and Benny Kaufman. The report adds that the Belzbergs' attendance at a Mafia convention in Acapulco was monitored by the FBI, the Treasury Dept, and the Canadian RCMP.

9. In 1988 the **Belzberg**s First City Financial Corp. was fined $2.7m after an SEC suit, for "greenmailing" the Ashland Oil Co. According to the Washington Post (16 Jun 88 pF1) the Belzbergs operated their scam by disguising their "stock-parking" through their friends on the SWC Board: Bear-Stearns (**Alan Greenberg**) and Drexel (**Michael Milken**).

10. I have attempted to raise these vexing issues with the State of California's three trustees on the SWC "Museum Advisory Committee": Atty **Allan Browne**, Dr **Gloria Mehdesian**, and **Walter Shorenstein**. They refuse to answer my letters. Yet it is their responsibility to oversee the State's $5m gift to the SWC, which is supposed to finance an elaborate extension called the "Museum of Tolerance." I went by the site recently, and the project was about three years behind schedule, and there was virtually no construction activity or heavy equipment at the location.

I declare under penalty of perjury that the foregoing is true and correct. I have read the foregoing and know the contents thereof. The same is true of my own knowledge, except as to those matters which are therein stated on information and belief; and as to those matters I believe it to be true. This verification was executed at Los Angeles County, California, on 3 June 1989.

Sincerely

D McCalden

David McCalden
Phone: (213) 640-2663

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 3 DAY OF June 1989
Barbara Bicksler
NOTARY PUBLIC

OFFICIAL SEAL
BARBARA BICKSLER
NOTARY PUBLIC - CALIFORNIA
LOS ANGELES COUNTY
My Commission Expires Oct. 29, 1990

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Wiesenthal Center Warns Jews Not to Vote for Jackson

By the SIMON WIESENTHAL CENTER

Editor's note: This week, the Simon Wiesenthal Center, in an unprecedented action, took a stand on the candidacy of presidential aspirant Jesse Jackson. The institution, which by its nature does not endorse any political candidate or party, nonetheless urged Jews to disassociate themselves from Jackson, noting his reluctance to accept "a fundamental piece of America's Middle East policy, namely, that Israel is and will always be America's closest ally in the Middle East." The following is the Center's official statement.

Jesse Jackson is now one of the two leading candidates for the Democratic nomination for president of the United States. He has garnered the overwhelming support of black Americans and has made serious inroads among white voters. The time has now come, we believe, to state publicly to our 362,000 constituent American families what many have been saying privately about Jackson's candidacy.

We believe Jesse Jackson's presence on a Democratic ticket would be a disaster for American Jews and a catastrophe for the state of Israel.

We say this, accepting at face value the arguments that Jackson has matured politically, that his campaign has now freed itself of the anti-Semitism that dogged his 1984 presidential bid, that he has raised the issue of Soviet Jewry with Mr. Gorbachev in Geneva, and that he would not meet with Yassir Arafat until Arafat first recognized the state of Israel.

We say this because 40 years ago in the wake of the nazi Holocaust, a decimated world Jewry found physical and spiritual renewal in the creation of the Jewish state. From its very inception, that Jewish state has been inextricably linked to the people of the United States, whose democratic way of life and whose ideals it shares. Every American president has understood that, Democrat or Republican, from Harry Truman to Ronald Reagan. Each has built on and contributed to that understanding.

Jesse Jackson is the first major candidate seeking the presidency who has shown no understanding for that bond and who finds it hard to accept what has been a fundamental piece of America's Middle East policy, namely, that Israel is and will always be America's closest ally in the Middle East.

For us, the issue is not what Jesse Jackson has said or will say on a particular policy of the state of Israel. The issue is the cumulative record of Jackson's behavior and rhetoric directed against Israel and Jews over the past decade.

Whenever Jesse Jackson has ventured into the Middle East equation, it has always been to befriend an enemy of Israel: Syria's Assad, Libya's Khadaffi and the PLO's Arafat. Jesse Jackson never could find a public platform from which

Please turn to page 2

DBM 15 Apr 88

A Note to Our Readers

In the March 4 edition of the Messenger, we published a piece entitled "A Letter to the World." That letter came to us from two separate sources. In both cases, the letter was signed "Anonymous." Efforts on our part to locate the actual author were unsuccessful, but we decided to publish it anyway because we felt that it was timely and important. Since its publication, Rabbi Meir Kahane has written us to say that he is the author of that letter.

We hope this sets the record straight.

Eight Arab Terrorists Deported

By HAIM MASS
Messenger Israel Feature Editor

JERUSALEM—The eight Palestinians recently deported from the administered territories include five from the Gaza Strip and three from Judea and Samaria.

Three of the eight had been served expulsion orders before the uprising started, but their depo[illegible] tion had been help up pending their appe[illegible] the Israeli [illegible] Justice [illegible]

Candle Lighting

Light Candles Fri. April 15, 7:07 p.m.

JFC Names N[illegible]

George T. Caplan, prominent Los Angeles trial attorney and hotel developer [illegible] lion.

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changed. Then we were only children politically. We knew little about democracy. But we have now matured.

"We have learned from you Israelis what democracy is. We have been good pupils. We now want our own state. We have no hostility toward Jordan. Palestine and Jordan are the same—the same language, same families, same laws. We can work together. But the problem of the refugees will remain afterwards, too."

We returned to the subject of the street riots.

"In the beginning, when the first stones were thrown, if the police had shown a really strong hand, they could have stopped it all at once. The riots were not organized or planned in advance; they started suddenly. But what has been started cannot now be stopped. These Arabs are not the Arabs of 1948.

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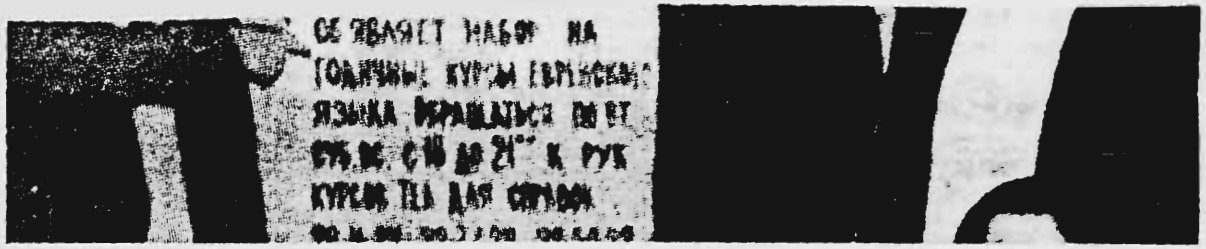

GLIMPSE OF GLASNOST—In one of the very few positive aspects of *glasnost* for Russian Jews, unofficial educators in distant Baku received government permission to conduct classes publicly. In a photo obtained by the Student Struggle for Soviet Jewry, jubilant teachers point to one of their announcements on "year-long courses of Hebrew," with information phone numbers, address of classes and transportation directions. Elsewhere in Russia, the SSSJ reported, every attempt to get official sanction for Jewish classes or clubs has been met with stoned silence. The address for the SSSJ is 210 W. 91st St., New York 10024; telephone number is 212/799-8900.

Jackson

From page 1

to criticize the Syrians for their human rights abuses, the PLO for what it has done to Lebanon, the Arab League for its failure to help their brothers and sisters in the appalling refugee camps, the Arab nations and sheikdoms for their discrimination against women, nor has he ever said anything about the huge ongoing trade between the Arab countries and the apartheid South African regime.

The cumulative effect of all that, combined with his relationship with Farrakhan, his Hymietown slur, his denigration of the Holocaust, together constitute the only public record that Jesse Jackson has on the Jewish agenda.

And surely if the American people are to take Mr. Jackson's candidacy seriously—and we do—then we must apply to his record the same standards and criteria that have been applied to the past records of failed Supreme Court nominees Bork and Ginsburg. If it was considered fair game to make judgments based on their past deeds, they why should the rules be different for any person running for the presidency of the United States?

The fact is that Israel is to American Jewry what Martin Luther King and the civil rights movements are to blacks, and as such, no American Jew should be asked to support a candidate for president whose public positions have consistently undermined the Jewish state, just as no black American would be expected to vote for a candidate opposed to civil rights.

Therefore, based on his record, we conclude that a vote for Jesse Jackson is a vote against the interests of American Jewry.

two of whom are today enough to handle." he better paved streets of

ELECTION '88

Wiesenthal Center won't criticize Jackson in print

Magazine article pulled back over fears of losing tax-exempt status

United Press International

[illegible] Wiesenthal Center [illegible] Studies has decided [illegible] Democratic presidential candidate Jesse Jackson [illegible] magazine, fearing such [illegible] jeopardize its tax-[illegible]

[illegible] an article [illegible] a "disaster" [illegible] and a "catastrophe" [illegible] from the [illegible] "[illegible]" after it [illegible] that it might [illegible] Internal Revenue Service [illegible] the political activity [illegible] tax-exempt groups.

[illegible] is a Los Angeles educational organization that focuses on Jewish issues.

The pulled article was to have run as a position paper in the center's magazine, which has a circulation of 375,000.

"Instead, it was simply made available to the public, carrying the names of its authors, Rabbi Marvin Hier and Rabbi Abraham [illegible]," the center's dean and [illegible] A note accompanying the article said it represented their "personal opinion."

The article was published yesterday in the Herald Examiner's Op Ed page.

"We've been advised by legal counsel that we as an institution should not make a statement about any candidate," Cooper said. "It's clear we think people should not vote for Jackson. The statement does reflect the thinking of Rabbi Hier and myself and many people, but it will not run as a statement from the Simon Wiesenthal Center."

The IRS code says tax-exempt educational organizations may not participate in or intervene in (including publishing or distributing of statements) any political campaign on behalf of any candidate for public office, said IRS spokesman Ron Giannangeli.

"There can be some lobbying activity, but they cannot participate in a partisan political campaign," Giannangeli said.

Cooper said the center's lawyer believe that new IRS regulations "have been expanded to bar not only endorsing a candidate but even criticizing."

The article, titled "The Jackson Candidacy and American Jewry," does not endorse Democratic front-runner Michael Dukakis or state bluntly that Jews should not vote for Jackson. But it roundly criticizes Jackson for his Middle East positions.

American Jews, the article said, "cannot be expected" to support a candidate whose support for Israel is anything less than unqualified.

The authors contend that "as members of a minority which has known its share of suffering and struggle," they understand "the feeling of pride many black Americans feel in the historic breakthrough which Jackson's candidacy has achieved."

But they said Jackson's record on Middle East policy shows he is no friend to Israel or the Jews.

"Whenever Jesse Jackson has ventured into the Middle East equation, it has always been to befriend an enemy of Israel," the article said.

Meanwhile, Rabbi Allen Freehling of Los Angeles University Synagogue expressed hope yesterday that a meeting can be arranged between Jackson and local Jewish community leaders.

"I think it will happen," Freehling said after the latest in a series of private discussions with Jackson supporters and local Jewish leaders.

Several weeks ago, Freehling disclosed that he hoped to organize such a meeting so California, which holds its primary June 7, could avoid the tensions that marked the recent New York primary. Those tensions were a major reason Jackson declined several invitations to meet with New York Jewish leaders before the primary.

"The purpose of the meeting is to provide a dialogue where Jesse Jackson can express his opinions in an open and forthright manner and those representing the Los Angeles Jewish community can share with him some of their concerns and aspirations," Freehling said.

"It would be a chance to clearly hear one another to identify areas of agreement and disagreement in an atmosphere free of hostility," Freehling said.

Staff writer [illegible] contributed to this story.

Jesse Jackson picks up a young supporter during a rally yesterday morning in Steubenville, Ohio.

LA Herald Examiner

Bradley aided Drexel while he was client

2 Times pA1

By John Schwada and Josh Meyer
Herald Examiner staff writers

Mayor Tom Bradley has taken at least three actions, including granting a major sewer exemption on a proposed $230 million downtown development project, that stood to benefit Drexel Burnham Lambert while he held personal investments with the company, the Herald Examiner has learned.

A Herald Examiner investigation reveals that:

▶ Drexel was the broker on the still-unbuilt $230 million development project when Bradley approved its exemption from a growth limiting sewer law. It was one of only a handful of downtown projects to receive such an exemption.

▶ Bradley in 1984 made a video sales pitch for another $26.9 million Drexel deal.

▶ And Bradley the same year was the final authority in allowing Drexel — without a competitive bid — to join the city's select team of brokerage firms that underwrite city housing bond issues. That decision put Drexel in a position to underwrite the city's largest — and most controversial — single bond deal ever. The $190 million bond issue, sold in August 1985, also involved a savings institution in which Bradley personally invested $10,000 to $100,000 five months later.

The mayor, through his press secretary, yesterday refused comment on the findings. A Drexel spokesman, Steve Anreder, said he could not locate a company official to comment.

The revelations come at a time when federal authorities are reviewing Bradley's ties to Drexel, which has agreed to pay $650 million in fines and restitution for its role in a massive insider trading scandal. Last week, R[illegible]y Coelho, D-Merced, res[illegible]ed reports he had received [illegible]ered treatment in buying a Drexel junk bond with an undeclared loan from Columbia Savings and Loan Assn. chief executive Thomas Spiegel.

The federal probe, headed by public corruption prosecutors, centers on whether Bradley and Coelho received stock tips or other favors from Drexel in re-

Bradley, A-8 ▶

Council members seek overhaul of treasurer's office

By Josh Meyer
Herald Examiner staff writer

City Council members yesterday called for a sweeping audit and overhaul of the city treasurer's office following Herald Examiner disclosures that the city does business with a bank indicted with deposed Philippine President Ferdinand Marcos in a massive racketeering scheme.

"After reading this last story, I thought we better do something about all this before it gets hairier," said Councilwoman Gloria Molina. "There are not a lot of checks over the treasurer's office so that we can determine what is happening over there."

Molina said she plans to introduce a motion in today's City Council meeting calling for a broad "policy" audit of the treasurer's office, in which independent auditors or city legislative analysts would scrutinize how Treasurer Leonard Rittenberg invests about $2 billion a year in idle city funds. Usually, city de-

Treasurer, A-8 ▶

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NEW YORK TIMES NEWS S[illegible]

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Bradley

▶ From A-1

turn for special treatment by the elected officials, sources say.

Bradley since 1979 has held an investment valued at $10,000 to $100,000 in a Drexel-owned partnership, and he has also revealed that Drexel has been his broker in other, unnamed stock investments.

The city attorney's office, now probing Bradley's ties to two local financial institutions, referred a copy of the mayor's investment portfolio to the federal Securities and Exchange Commission in early May after learning several of his investments were in stocks involved in Drexel's high-finance deals.

Several City Council members have said they want City Attorney James Hahn to look into Drexel's business dealings with the city and Bradley. City attorney's officials have refused to say whether they would do so.

Last year, the City Council voted to exempt the Drexel brokered Pershing Square Centre Associates project and two other downtown projects from the city's sewer hookup law.

The law was designed to ease pressure on the city's overburdened sewage system by establishing strict limits on the number of new building permits. Projects without exemptions faced lengthy and costly delays.

The council's action came after Bradley sought special treatment for projects, including the Pershing Square development, that had clinched prior agreements with the city's Community Redevelopment Agency and the council.

Bradley on May 9, 1988, signed the exemptions into law as part of an ordinance.

At the time, Pershing Square Centre Associates were eagerly seeking a new partner to help finance their plan to build the 1.2 million square foot hotel-office-retail project on Fifth Street between Hill and Olive streets. The firm exclusively retained Drexel to help it find a major financial backer.

David Houk, PSCA's chief executive, told the Herald Examiner his firm hired Drexel in December 1987. But Houk said Drexel's role in the project had nothing to do with Bradley's approval of the exemption.

"As far as I know, the mayor has never known we used Drexel. Certainly I've never discussed it with him," Houk said.

Houk denied the influential Drexel firm helped PSCA obtain the critical exemption from the city's growth-slashing sewer law.

"The Drexel people we're talking about couldn't even find City Hall. We handled all the political relationships ourselves," Houk said.

THE EXEMPTION was repeatedly touted as a major advantage in a "confidential" private offering memorandum, obtained by the Herald Examiner, that was circulated by Drexel as it searched for a financial benefactor to help get the PSCA project under way.

PSCA is "one of only three projects which have been exempted from the restrictive sewer connection ordinance," the circular noted in one of three references to the waiver in the 20-page document. (Actually, city records show, six downtown projects received exemptions.)

It could not immediately be determined how much Drexel earned from its connection to the project, with which it is no longer affiliated. The project has been stalled indefinitely because PSCA filed for bankruptcy two months ago.

Several years before the sewer exemption, Bradley appeared in a 12 minute videotape Drexel commissioned as a sales device to persuade limited partners to buy $100,000 interests in Angelus Plaza. The plaza, with 1,100 apartment units, is one of the nation's largest Section 8 senior citizen rental projects.

In the 1984 videotape, put together by a Drexel subsidiary, Bradley is introduced after an announcer describes the project as a good investment because it is in "a sought-after downtown location," next to the city's burgeoning corporate center.

To reinforce the point, Bradley appears on camera and says: "It is reassuring that within this hub of corporate activities, we have an investment in our senior citizens at Angelus Plaza. All of this is an example of the American system at its best."

According to an Angelus Plaza offering memorandum, Drexel stood to earn $538,000 in packaging and asset management fees for its role in the deal. And, as principal sales agent for the limited partnership shares, the company was due to receive $8,000 in fees for each of the available 269 partnership units it could sell. If Drexel sold all 269 units, the firm stood to receive $2,152,000 in sales commissions.

It could not immediately be determined what Drexel actually earned on the Angelus Plaza deal.

Jay Schochet, general partner of Angelus Associates Limited Partnership, did not return several Herald Examiner phone calls to his Boston office.

THE SAME YEAR he made the videotape, Bradley took yet another action that stood to benefit Drexel. On Dec. 17, 1984, Bradley approved a council action that allowed Drexel to join the city's housing bond underwriting team without a competitive bid.

Drexel took over from another brokerage house, A.G. Becker Paribas. A November 1984 city report noted that Drexel could succeed Becker without a bid because it had acquired part of Becker and had hired many of its Los Angeles staff members.

Shortly thereafter, Drexel became the lead — and favored — underwriter on a $190 million deal to build 1,916 apartments. It was the largest housing bond issue in the city's history. Drexel earned various fees and commissions totaling $633,333 because of its role, city officials said.

The bond issue financed housing projects built by CoastFed Properties, a partnership between Coast Savings and Loan Assn. and Beverly Hills businessman Alan Casden.

In his public disclosure statements, Bradley reported that in January 1986, he bought stock in Coast Savings worth between $10,000 and $100,000. He said he sold the securities a month later.

Bradley did not disclose the exact dates he bought and sold the Coast stock. Hypothetically, if he purchased the stock at its lowest point in January and sold it at its highest point in February, he would have made a 31 percent profit.

Treasurer

▶ From A-1

partments are the focus only of more narrowly focused "management" audits.

"I'm not trying to politicize the treasurer's office," Molina said. "But it seems like it needs a policy where we can check and figure out what is going on over there. ... How did this happen?"

Meanwhile, in a document obtained by the Herald Examiner, Rittenberg acknowleged that his staff has trouble keeping up with the massive volume of funds that it controls every day.

Rittenberg, who has drawn criticism for his handling of city bank deposits, admitted in a May 25 letter to some council leaders that "deficiencies do exist within the City Treasury, particularly as to documentation of procedures."

An increase in staff set for next year could help eliminate mistakes such as the one that allowed $600,000 in city money to sit in a non-interest bearing account at Far East National Bank, which kept Mayor Tom Bradley on its payroll as a consultant last year, Rittenberg wrote. Rittenberg took the blame for that mistake, which occurred in 1987 and cost city taxpayers $12,000, he said.

Yesterday, the Herald Examiner disclosed that the city invested $1 million in long-term deposit accounts at California Overseas Bank in April, six months after the U.S. government alleged in a highly publicized indictment that Marcos and an associate "owned and controlled" the bank as part of a long-running racketeering scheme.

Bank president N. Joseph Voorhees has denied any wrongdoing and says the bank is operating without any unusual regulatory restrictions.

The city has come under fire for its investing of city money as a result of the current controversy swirling around Mayor Bradley. In March, the Herald Examiner disclosed that Rittenberg deposited $2 million in Far East National Bank following a phone call from Bradley, who the previous year had earned $18,000 from the bank. That and other disclosures have formed the foundation of an investigation of Bradley currently under way by the city attorney's office.

Bradley would not comment yesterday, except to repeat his assertion that he intentionally allows Rittenberg to run the treasurer's office independently.

Rittenberg, who refused again yesterday to answer any questions from reporters, has told the council's Governmental Operations Committee that he had very loosely defined policies for steering lucrative city investment business to banks, particularly minority banks.

Federal and state banking officials say the city funds apparently are not in jeopardy, even though the federal government is seeking to take over the bank. But some council members said they were concerned about city treasury policies that allowed the $1 million to be deposited at California Overseas in the first place.

Councilman Michael Woo, chairman of the Governmental Operations Committee, which has twice questioned Rittenberg about his investment policies in connection with the city attorney's investigation, joined Molina in calling for a revamped system of checks and balances in the treasurer's office.

"I think this disclosure points out the need for a stronger policy governing the treasurer's practices in depositing city money in banks," Woo said. "My intention is that we should be actively involved in developing better policies for the office."

Molina is one of several council members who said Rittenberg's testimony at the two council panel hearings raised a host of questions. Councilwoman Joan Milke Flores called Rittenberg's policies "loosey-goosey."

Lotto jackpot goes untouched, could grow to $20 million

SACRAMENTO (AP) — No one guessed all six winning numbers in the latest Lotto 6/49 game, and the jackpot will grow to an estimated $20 million for tomorrow's drawing.

The winning numbers picked Wednesday for the twice-weekly game were: 30, 14, 10, 28, [illegible] and the bonus number [illegible].

Four tickets con[illegible] correct numbers pl[illegible] number to pay [illegible]. Those tickets w[illegible] ton, Los A[illegible] Rohnert P[illegible] ets had [illegible] were w[illegible]

Fe[illegible] $30

LOTTO 6/49 ANA[illegible]

Top 10 Lotto numbers drawn in the past [illegible] highest number is sold

Rank	Lotto number	Percent of times drawn
1.	33	
2	[illegible]	
3		

Takeover Prelude

Angered the Belzbergs, Intensifying the Battle

Rejection of Seats on Board Was Tied to a Suggestion Of an Underworld Link

Insecurity at Securities Firm

By Tim Carrington
Staff Reporter of The Wall Street Journal

NEW YORK—On the evening of Dec. 16, Harry A. Jacobs, the 60-year old chairman of Bache Group Inc., left New York's La Guardia Airport with grave forebodings. He had just concluded a strained hour and a half meeting at the American Airlines Admirals Club with Samuel Belzberg, 52, the hard-driving Canadian entrepreneur whose First City Financial Corp. had bought 15.5% of Bache's outstanding shares despite Mr. Jacobs's staunch opposition.

According to a memo Mr. Jacobs wrote in the car on his way home, Mr. Belzberg, who had requested the meeting, started the discussion on a cordial note, expressing regret that the two chief executives hadn't met more often to discuss the [illegible] of lawyers and aides. The cordiality soon faded. He said why didn't we like him, the memo says. He said they could bring a lot to the party. He told about all the underwriting business he was doing all over the Street.

As the session wore on, Mr. Belzberg pushed harder and harder to gain one or two seats on Bache's 17-member board. When the meeting drew to a close, the memo says, Mr. Belzberg warned that if First City Financial was denied representation, he would bring in a group of foreign investors interested in buying up to 2[illegible] of Bache's shares. Sizing up the effect of that strategy, Mr. Jacobs wrote that they will [illegible] of the co[illegible] else will be starved out.

The Opening Round

The airport encounter set in motion an unusual battle for corporate control, the first in which a major securities firm finds itself the object of the struggle rather than an intermediary. Sam Belzberg, together with William and Hyman Belzberg, his brothers and business partners, has been steadily accumulating Bache shares for two years and is bent on assuming a greater role in management of the company. Mr. Jacobs has never been more determined to keep the group out.

About three weeks after the airport meeting, Bache's nominating committee, whose members include Mr. Jacobs, voted down Sam Belzberg's request. Mr. Jacobs informed Mr. Belzberg that an emissary would be calling on him to discuss the matter.

Clark M. Clifford, the former U.S. Secretary of Defense and a longtime friend of Bache, was chosen to communicate the nominating committee's decision to Mr. Belzberg, along with the other bad news. Mr. Clifford told Mr. Belzberg that Bache had reason to believe that Hyman Belzberg, 58, a one-third owner in First City Financial, might have ties to organized crime.

Bache refuses to discuss its reasons for rejecting the request for board presentation. However, the allegations conveyed to Mr. Belzberg are believed to be based on reports that Hyman Belzberg was seen with gangland leaders Meyer Lansky of Miami, Fla., and Benny Kaufman of Montreal at the Acapulco Hilton in February 1970.

Agents on Hand

At the time, the resort was also brimming with agents of the Federal Bureau of Investigation, the U.S. Treasury Department's Bureau of Customs and the Royal Canadian Mounted Police. As it turned out, underworld principals from the U.S. and Canada were gathering there for a major strategy session. They were to sift plans for infiltrating the casino business that Mr. Lansky correctly expected would evolve some day in Atlantic City.

A confidential report by the Bureau of Customs says that "a Mr. and Mrs. H. Belzberg of Calgary, Alberta, were frequently seen with Lansky, Kaufman [illegible] et al." The report doesn't implicate the couple in the crime discussions. Nor does it provide any other information linking Mr. Belzberg to the crime syndicate.

Hyman Belzberg, who runs the family furniture business known as Christy's Arcade Furniture Stores, long had a business relationship with Mr. Kaufman, who, among other things, operated a rug dealership in Montreal. According to Sam Belzberg, his brother ran into Mr. Kaufman on the beach in Acapulco by "an absolute coincidence" and later joined Mr. Kaufman and others in his party on a purely social basis.

Anger on the Street

Friends of Sam Belzberg say he is deeply incensed by Bache's allegations, which he condemns as a last-ditch effort to repulse the aggression of aggressive Canadians through smear tactics. Says an official of a competing Wall Street firm: "They've had dirt rubbed in their face by Harry Jacobs and they don't like that."

The suggestion of unsavory affiliations has angered many of the family's Wall Street friends. For years of business dealings in the financial community have won the Canadian clan close ties in the top echelons of such prominent Wall Street houses as Kuhn, Loeb and Oppenheimer & Co. A number of officials at these firms say they are appalled at what they see as an apparent effort to besmirch the reputation of an honorable family. Sam Belzberg's son Marc is employed at Salomon Brothers as a specialist in mergers and acquisitions.

Privately, even some officials at Bache question Mr. Jacobs's opposition to the Belzbergs. One stockholder for the firm cou[illegible]

(Continued from Page 1, Column 1)

The Washington Post

COMICS F1

BUSINESS

+(2)

(M) 6/16/88

Belzbergs Ordered to Forfeit $2.7 Million in Victory for SEC

By Lee Hockstader
Washington Post Staff Writer

Handing a resounding victory to the Securities and Exchange Commission in its effort to crack down on abuses by corporate raiders, a federal judge yesterday ordered the wealthy Canadian Belzberg family to forfeit $2.7 million in stock-trading profits from their dealings in Ashland Oil Co. stock.

The case stemmed from the Belzbergs' unsuccessful 1986 takeover attempt of Kentucky-based Ashland, the largest independent oil refiner in the United States, and was seen as a test of the SEC's ability to mount successful prosecutions of alleged takeover abuses.

Judge Barrington D. Parker of the U.S. District Court here ruled that Marc Belzberg and his family's First City Financial Corp. illegally concealed their ownership of more than 5 percent of Ashland by "parking" stock with the Wall Street firm of Bear, Stearns & Co. in a "carefully orchestrated corporate takeover attempt to evade disclosure" in March 1986. The practice kept the price of Ashland's stock from surging and enabled Belzberg to buy it at artificially low prices, the judge said in his 56-page opinion.

Parker's ruling could have repercussions beyond the Belzberg case. Recently, the SEC authorized the filing of charges against Drexel Burnham Lambert Inc. and junk bond specialist Michael Milken in a similar case involving the alleged practice of "parking" stock to conceal its ownership.

Drexel has not yet announced whether it will fight the SEC suit. Both Drexel and Belzberg are represented by Arthur Liman, the New York trial lawyer who served as chief counsel of the Senate committee that investigated the Iran-contra affair last summer.

In an interview, SEC enforcement chief Gary G. Lynch hailed the ruling as a "tremendous victory for the commission." He said the decision "shows just how serious a violation" of the SEC disclosure laws is.

A spokesman in Toronto for First City, the Belzbergs' firm, said: "We are obviously deeply disappointed by the court's decision. We fought this case because we believed the SEC was wrong on the facts and the law. We still believe that, and we intend to appeal."

A spokesman for Drexel in New York declined to comment.

The Belzbergs, whose financial empire is estimated to be worth $7 billion, have been associated with takeover attempts and rumors involving some of the largest companies in North America, including CBS Inc., GTE Corp., Control Data Corp., Southland Corp., Scovill Inc. and Potlatch Corp. Typically, once the Belzbergs' interest in a potential takeover target becomes public knowledge, the firm's stock price skyrockets and the value of their investment soars.

In 1986, the Belzbergs launched a $1.7 billion hostile takeover bid of Ashland, which, although ultimately unsuccessful, resulted in a $15.4 million profit when the Belzbergs sold their 1.4 million shares back to the company—a tactic known as "green mail"—and dropped the bid.

In its civil action, the SEC charged that at the outset of the Ashland takeover bid, First City and its vice president, Marc Belzberg, illegally hid their substantial holdings in Ashland by purchasing shares through Bear, Stearns and leaving the shares—or "park-

See BELZBERG, F2, Col. 6

Judge's Order Is Victory in SEC Effort

BELZBERG, From F1

ing" them, in the Wall Street vernacular—in a Bear, Stearns account.

According to Parker's opinion, Belzberg and First City "were thus able to purchase Ashland shares at prices far below what they would have paid had they made the required disclosure." Federal securities law requires investors to disclose purchases of 5 percent or more in public companies within 10 days.

Bear, Stearns chairman Alan C. (Ace) Greenberg, a close associate of the Belzberg family who purchased the shares in question, told the SEC he thought he was buying and holding the shares on the instructions of Marc Belzberg.

Belzberg said, however, that he had never told Greenberg to buy the stock for First City, and that Greenberg's decision to do so represented an "innocent misunderstanding" between them. Although he acknowledged that he had suggested to Greenberg that Bear, Stearns buy Ashland shares, he said he regarded the stock as belonging to Bear, Stearns—not to First City.

Parker, calling that explanation "self serving," indicated in his ruling that he did not believe Belzberg's account of the "misunderstanding," and he concluded that Belzberg and First City "deliberately attempted to circumvent the law."

He said the Belzbergs' "surreptitious effort to accumulate a block of shares in Ashland is the precise type of evil" that federal securities laws are designed to prevent.

Parker noted that Belzberg's "failure to express remorse at any time casts serious doubt on the sincerity of his assurances of future compliance," and enjoined Belzberg and First City from any further violations of the securities law.

The $2.7 million Parker ordered Belzberg and the firm to forfeit represents the profit on Ashland shares purchased after they failed to meet disclosure requirements.

If the order to forfeit $2.7 million is upheld on appeal, it is not certain where the money would go.

The SEC could seek to route some of the money to Ashland, which paid "green mail" to First City.

OOC 2782

David McCalden

PO Box 3849, Manhattan Beach, California 90266, U.S.A.

89 MAY 18 AM 10: 39

Michael demersky
Federal Elections Commission
999 E Street NW
Washington, DC 20463

13 May 1989

Dear Sir:

Under the California Public Records Act I recently obtained from the Franchise Tax Board a part of their file on the Simon Wiesenthal Center for Holocaust Studies, which is not only a tax-exempt corporation, but is also the recipient of a $5,000,000 gift from the State of California.

The $5m was to subsidise the construction of the SWC's "Museum of Tolerance" but when I inspected the site a few days ago it looked severely behind schedule to me, and there was practically no heavy equipment or even construction activity going on at the site. I am concerned that taxpayers' money is being properly spent. Inquiries to the State's three trustees generate no response whatsoever.

I am also concerned at certain activities of the SWC which appear to violate their Tax Exemption Application #3500 which was dated 27 May 1986.

On that form, they insisted at §13c that they would not intervene in political campaigns; yet the SWC's officers vocally condemned the Presidential candidacy of the Rev Jesse Jackson. (See: B'nai B'rith Messenger 15 Apr 88; Los Angeles Herald-Examiner 28 Apr 88.) The feature was also due to be re-published in the SWC's own Response newsletter, but was pulled off the presses at the last minute, after legal advice. Who foots the bill for this?

At §13b the form insists that the SWC will not engage in "advocating or opposing proposed legislation" yet every issue of Response carries reports boasting of how the SWC is actively promoting "war crimes" legislation, "genocide" laws, book-banning, and the suppression of Free Speech. I can cite multiple examples of this upon request.

At §8g it states that no Director or their kinfolk shall be employed by the SWC. There are at least three Belzbergs on the Board of Trustees (Samuel, William, Hyman) and their family rabbi Marvin Hier, and his wife Marlene, are both prominent, highly-paid employees.

Finally, there are a large number of criminals, felons, and federal-investigatees on the SWC Board of Trustees. Ivan Boesky is currently serving a 3-year sentence at Lompoc for stock-fraud. The Belzbergs were fined $2.69m for stock-fraud in an SEC suit filed in 1986 (L.A. Times 16 Jun 88). The Belzbergs were investigated for Mafia connections in 1981 (Wall Street Journal 11 Mar 81 p1). Frank Sinatra had his gaming license cancelled on account of his underworld connections. And Robert Ives laundered an unlawfully high donation to the "spoiler" Senatorial election campaign run by a certain Michael Goland--now indicted by the Federal Elections Commission. Another prominent SWC patron, Michael Milken, is currently facing 89 charges of stock-fraud. And Director Alan Greenberg's Bear-Stearns brokerage firm is profiting from the SWC's cheap-loan issue from the City of Los Angeles.

I think it's time your office looked into these vexing matters.

DMCalden

David McCalden

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

June 16, 1989

Rabbi Abraham Cooper
Simon Wiesenthal Center
for Holocaust Studies
9760 W. Pico Boulevard
Los Angeles, CA 90035

RE: MUR 2896

Dear Rabbi Cooper:

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 2896. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's 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.

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If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-5690. 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

32040764200

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 16, 1989

Rabbi Marvin Hier,
Simon Wiesenthal Center
for Holocaust Studies
9760 W. Pico Boulevard
Los Angeles, CA 90035

RE: MUR 2896

Dear Rabbi Hier:

The Federal Election Commission received a complaint which alleges that you and the Simon Wiessenthal Center for Holocaust Studies 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 2896. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you or the Simon Wiesenthal Center for Holocaust Studies 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.

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If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-5690. 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

2 2 0 4 0 7 6 4 2 0 2

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

June 16, 1989

David McCalden
P.O. Box 3849
Manhattan Beach, CA 90266

RE: MUR 2896

Dear Mr. McCalden:

This letter acknowledges receipt on June 7, 1989, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), by the Simon Wiesenthal Center for Holocaust Studies. 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 2896. 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

MYERSON KUHN & STERREALL

Washington, DC
New York
Philadelphia
Dallas

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 JUN 29 AM 10: 26

OGC 3259

June 28, 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 JUN 29 PM 3: 19

Colleen Miller, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2896

Dear Ms. Miller:

Thank you for taking the time to speak with me yesterday concerning the above-referenced complaint. I remain convinced that the staff is in error in that the letter by Mr. McCalden dated June 3, 1989, does not meet the Commission's minimal threshold requirements of 11 CFR 111.4(d)(3) because the complaint fails to "contain a clear and concise recitation of the facts which describe a violation of a statute or regulation over which the Commission has jurisdiction". We continue to believe the Commission has no legally sanctioned jurisdiction in this matter as McCalden's letter is not in "substantial compliance of the technical requirements of 11 CFR 111.4" which is mandated by 11 CFR 111.5.

Your characterization that the paragraph in the McCalden letter beginning: "In the local B'nai B'rith Messenger. . ." contains a "hint" of a violation of 2 USC 441(b) does not, in my view, amount to a clear and concise recitation of the facts describing a violation of a statute or regulation by the Simon Wiesenthal Center as a corporate entity. I also conclude from our conversation that neither Rabbi Hier nor Rabbi Cooper have been charged with or are suspected of any violation of any statute or regulation over which the Commission claims jurisdiction. Under these circumstances no response will be filed on their behalf unless you can provide me with a clear and concise statement of the allegations of wrongdoing on their part.

1001 Pennsylvania Avenue
Washington, DC 20004
(202) 624-5000

Telephone (202) 624-5001

Lawrence M. Noble, your general counsel, at a PLI Institute on Federal Political Campaigns, spelled out the requirements for a properly filed complaint and said it must "(1) clearly identify the Respondent, (2) clearly and concisely recite the facts, (3) provide supporting documentation to back-up the allegations, (4) allege facts within the Commission's jurisdiction". We believe the McCalden letter does not meet items 2, 3 and 4 of Noble's criteria. (Funding Federal Political Campaigns-PLI #585-p. 476).

You first thought the statutory violation was 2 USC 442 but you then corrected yourself to say that it was a hint of a violation of section 441(b) as an illegal corporate contribution. May I respectfully point out that allegation does not appear any place in the McCalden letter. With all due respect, this is not a clear and concise complaint by McCalden; it is a clear and concise complaint by you.

On the merits, I can state on behalf of the Center that no direct or indirect expenditure of any kind was made for or against any candidate at any time.

The B'nai B'rith Messenger, which you thought might be controlled by the Simon Wiesenthal Center, is a local Los Angeles Jewish newspaper celebrating its 90th Anniversary in 1989. Enclosed is a copy of its masthead as "Exhibit A". The B'nai B'rith Messenger is owned by Jewish Publications, Inc., a California corporation, having no connection of any kind with the Simon Wiesenthal Center or any of its employees. The Center will not and cannot be responsible for what appears in a newspaper that is not under its control.

I also enclose a copy of a letter sent by Rabbi Abraham Cooper of the Simon Wiesenthal Center on April 22, 1988 to Rabbi Yale Butler, the Editor of the B'nai B'rith Messenger requesting that a correction be made of the Messenger's erroneous article. That letter is "Exhibit B."

In the Herald Examiner article, cited by McCalden, the opening paragraph states "The Simon Wiesenthal Center for Holocaust Studies has decided not to criticize Democratic Presidential Candidate Jesse Jackson in its own magazine. . ." (Emphasis supplied). This statement, in a general circulation newspaper of repute shows no wrongful conduct by the Simon Wiesenthal Center. While we do not endorse what the Herald Examiner has said in print, as we don't control it either, the fact remains that there has been no colorable claim and no colorable violation by my clients.

My clients view this process, i.e. having to respond to unarticulated charges, as betraying the fundamental fairness of due process enshrined in the Fifth Amendment to the Constitution. The lack of sanctions by the Commission for filing frivolous complaints further chills my client's First Amendment rights to free speech.

For the record, we waive the confidentiality provisions of 11 CFR 111.21 as we believe we have been wronged by this process and further believe that fairness means full disclosure of all the facts and procedure used by the Commission.

Under these circumstances, I request that the complaint be dismissed with prejudice.

Thank you for your continued cooperation in this regard.

Respectfully submitted,

Martin Mendelsohn

MM:jph

EXHIBIT A

ב"ה

B'nai B'rith Messenger

Founded in 1897
Publishers:
Lionel L. Edwards
1897-1929
Joseph J. Cummins
1929-1980

Abraham L. Butler, *Publisher*

Rabbi Yale B. Butler, *Executive Editor*

Shelley Rubin, *Editor*

B'nai B'rith Messenger
90th ANNIVERSARY

Vol. 92, No. 23
Friday, June 9, 1989
6 Sivan, 5749

B'nai B'rith Messenger, a California corporation, is a consolidation of B'nai B'rith Messenger, founded January 1, 1897, with the California Jewish Review, the Jewish Community Press, Jewish Publications, California Jewish News Publishing Co. Inc., the Valley Jewish News and the California Jewish Voice, published weekly by B'nai B'rith Messenger, P.O. Box 57991, Los Angeles, CA 90057 213/380-5000

Subscriptions: $20.00 per year; outside California, $28; Canada, Mexico, $38; other foreign subscriptions, $52 per year. Single copies, 50 cents. Back issues, $1.

Second Class postage paid at Los Angeles, California.

The B'nai B'rith Messenger assumes no responsibility for opinions expressed in articles by its contributing writers of subjects of public interest. Its columns are at the same time open to different views within the proper bounds of free discussion. Expression of conflicting views is true democracy. This newspaper reserves the right in its sole discretion to reject news and/or features, and/or advertising which it deems objectionable.

EXHIBIT B

Simon Wiesenthal Center

9760 West Pico Blvd
Los Angeles, CA 90035-47
(213) 553 9036
Telex 910 490 2667
Facs (213) 553-8007

Rabbi Marvin Hier
Dean
Rabbi Abraham Cooper
Associate Dean
Dr. Gerald Margolis
Director
Rabbi Meyer May
Director for Development
Susan Burden
Director of Administration
Marlene F. Hier
Director
Membership Development
Lydia C. Triantopoulos
Director
Public Relations
Rabbi Daniel Landes
Director
National Education Projects
Richard Trank
Director
Media Projects

Martin Mendelsohn
Legal Counsel
Washington, D.C.

Regional Offices

New York
Rhonda Barad
Director
East Coast Region
Chicago
Carol Wallace
Director
Community Relations
Toronto
Sol Littman
Canadian Representative
Miami
Robert L. Novak
Director for Development
Southern Region
Jerusalem
Efraim Zuroff
Director

April 22, 1988

Rabbi Yale Butler
B'nai B'rith Messenger
2510 W. 7th St.
Los Angeles, Calif. 90057

Dear Yale:

Rabbi Hier and I would appreciate if next week: you could publish a brief correction on the article you ran re Jesse Jackson. The views expressed in that statement were drafted by and appropriately reflect the views of Rabbi Hier and myself and probably many other Jews. It should have been reported as such in the Messenger. The Simon Wiesenthal Center will continue not to take an official stand on any candidacy.

Thank you for giving this your attention.

Sincerely yours,

Abraham Cooper

Rabbi Abraham Cooper
Associate Dean

AC/mk

cc: Rabbi Marvin Hier

Rabbi Marvin Hier
Dean

Board of Trustees

Chairman

OGC 3657

David McCalden

PO Box 3849, Manhattan Beach, California 90266, U.S.A.

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 AUG -3 AM 10: 28

Lois G Lerner
Federal Elections Commission
Washington, DC 20463

30 July 1989

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 AUG -3 PM 3: 28

Dear Ms Lerner:

MUR 2896
Simon Wiesenthal Center

I have still not heard anything further from you since your 16 June 89 letter. Yet, your own regulations indicate that the SWC should have been sent a copy of my complaint within 5 days, and that they would have 15 days to respond. I would be obliged if you would expedite some response.

In the meantime, I have obtained a copy of the SWC's 1988 Annual Financial Report. Therein, I note that the SWC's $14.7 million bond issue, guaranteed by the City of Los Angeles, was underwritten by the Bear Stearns company at a profit to Bear Stearns of $958,432. Yet, the Chairman of Bear Stearns is Alan Greenberg, who is a member of the SWC Board of Trustees.

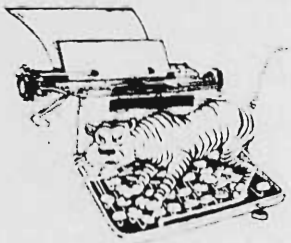
This one million dollar kickback to Greenberg constitutes "self-dealing" and is unlawful under IRS regulations.

Sincerely

DMCalden

David McCalden
(213) 640-2663

3 7 0 4 0 7 6 4 2 0 7



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 9, 1989

David McCalden
P.O. Box 3849
Manhattan Beach, CA 90266

RE: MUR 2896

Dear Mr. McCalden:

This is in response to your letter dated July 30, 1989 in which you request information pertaining to the complaint you filed on June 7, 1989, with the Federal Election Commission.

The Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the party being investigated has agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

As you were informed by letter dated June 16, 1989, we will notify you as soon as the Commission takes final action on your complaint.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 AUG 30 PM 2:35

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

MUR # 2896
DATE COMPLAINT RECEIVED
BY OGC: 6/7/89
DATE OF NOTIFICATION TO
RESPONDENTS: 6/16/89
STAFF MEMBER: C. Miller

COMPLAINANT: David McCalden

RESPONDENTS: Rabbi Marvin Hier
Rabbi Abraham Cooper
Simon Wiesenthal Center for
Holocaust Studies

RELEVANT STATUTE: 2 U.S.C. § 441b

INTERNAL REPORTS CHECKED: none

FEDERAL AGENCIES CHECKED: none

I. GENERATION OF MATTER

A complaint was received alleging that the Simon Weisenthal Center for Holocaust Studies (the "Center") and two of its chief officers, Rabbi Hier and Rabbi Cooper, violated the Federal Election Campaign Act of 1971, as amended, ("the Act") by advocating the defeat of Jesse Jackson for President.

Counsel for Respondents has asserted, by letter dated June 28, 1989, that the complaint does not contain a clear recitation of facts describing a violation over which the Commission has jurisdiction, as required by 11 C.F.R. § 111.4(d)(3). As to the merits, counsel argues that the

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Center has not made any expenditure, direct or indirect, with regard to any federal candidate, and that therefore there was no violation of 2 U.S.C. § 441b. See attachment 1.

II. FACTUAL AND LEGAL ANALYSIS

The Act prohibits corporations from making contributions or expenditures in connection with any federal election, 2 U.S.C. § 441b. An expenditure includes any payment, advance, or thing of value in connection with a federal election. 2 U.S.C. § 441b(b)(2). A corporate endorsement of a federal candidate, however, is not necessarily an expenditure, according to the Commission's interpretation of the Act in Advisory Opinion 1984-23. Corporations may endorse candidates and announce such endorsements to the media, as long as expenses related to such announcement are de minimis. AO 1984-23, citing United States v. United Auto Workers, 352 U.S. 567 (1957) and United States v. Congress of Industrial Organizations, 335 U.S. 106 (1948).[1]

The complaint includes a copy of a newspaper article with a headline which reads "Weisenthal Center Warns Jews Not to

---

1. Respondents' suggestion that the Commission lacks jurisdiction in this matter because the complaint allegedly lacks a clear and concise recitation of the facts describing a violation is unwarranted. The decision whether there is a sufficient factual recital to constitute an adequate complaint under 11 C.F.R. § 111.4(d)(3) is vested in the Commission. See 11 C.F.R. § 111.5. The question of whether the factual recital in a complaint is adequate differs from the issue of whether the complaint establishes reason to believe a violation has occurred. This question, which appears to be the thrust of counsel's argument, is the very subject of this report.

Vote for Jackson" and discusses why Jackson should not be supported by the Jewish community. The article first appeared in the April 15, 1988 edition of the B'nai B'rith Messenger.[2] The Los Angeles Herald Examiner featured the statement as an op/ed piece on April 28, 1988, then ran an article, the following day, describing the Center's subsequent decision not to take any official position on the Jackson candidacy, because such position might jeopardize the Center's tax-exempt status. In that article, Hier and Cooper maintained that the statement reflected their thinking as individuals and not as officers of the Center.

While it is clear that the Center or those associated with it expressed their opposition to the candidacy of Jesse Jackson, there is no evidence that any expenditure was made by the Center. Absent some evidence that the Center used corporate treasury funds to promote its opposition to Jackson, there appears to be no basis for concluding that it violated an provision of the Act. Thus, the ambiguity regarding whether the position taken against Jackson was intended to be publicized as that of the Rabbis in their individual capacities or as representatives of the Center need not be resolved for the purposes of determining whether the Act was violated in this matter. Rather, the statement, even if made by the

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2. Counsel for the respondents has provided documentation that the B'nai Brith Messenger is not a publication owned by the Center, but is rather an independent newspaper.

Center, appears to be in the nature of the corporate endorsement permitted in Advisory Opinion 1984-23.

Therefore, there is no reason to believe that The Simon Weisenthal Center, Rabbi Hier or Rabbi Cooper violated the Act on the basis of the allegations contained in MUR 2896.

III. RECOMMENDATIONS

1. Find no reason to believe that the Simon Weisenthal Center, Rabbi Hier and Rabbi Cooper violated the Act on the basis of the allegations contained in MUR 2896.

2. Approve the attached letters.

3. Close the file.

Lawrence M. Noble
General Counsel

8-30-89
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. Response
2. Letters

2 2 0 4 0 7 6 4 2 1 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Rabbi Marvin Hier	)	
Rabbi Abraham Cooper	)	MUR 2896
Simon Wiesenthal Center for	)	
Holocaust Studies	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 5, 1989, the Commission decided by a vote of 5-0 to take the following actions in MUR 2896:

1. Find no reason to believe that the Simon Wiesenthal Center, Rabbi Hier and Rabbi Cooper violated the Act on the basis of the allegations contained in MUR 2896.

2. Approve the letters attached to the General Counsel's Report dated August 30, 1989.

3. Close the file.

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

Attest:

9/5/89
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Wednesday,	August 30, 1989 2:35
Circulated on 48 hour tally basis:	Thursday,	August 31, 1989 11:00
Deadline for vote:	Tuesday,	September 5, 1989 11:00

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 13, 1989

Martin Mendelsohn
Myerson, Kuhn & Sterrett
1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

RE: MUR 2896
Simon Wiesenthal Center
Rabbi Marvin Hier
Rabbi Abraham Cooper

Dear Mr. Mendelsohn:

On June 16, 1989, the Federal Election Commission notified your clients, the Simon Wiesenthal Center, Rabbi Marvin Hier, and Rabbi Abraham Cooper, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended.

On September 5, 1989, the Commission found, on the basis of the information in the complaint, and information provided by your clients, that there is no reason to believe the Simon Wiesenthal Center, Rabbi Marvin Hier, and Rabbi Abraham Cooper, violated the Act. Accordingly, the Commission closed its file in this matter.

This matter will become a part of the public record within 30 days. If you wish to submit any materials to appear on the public record, please do so within ten days. Please send such materials to the Office of the General Counsel.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
General Counsel's Report

3 7 0 4 0 7 6 4 2 1 5

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David McCalden
P.O. Box 3849
Manhattan Beach, CA 90266

RE: MUR 2896

Dear Mr McCaulden:

On September 5, 1989, the Federal Election Commission reviewed the allegations of your complaint received on June 7, 1989, and found that on the basis of the information provided in your complaint, and information provided by the respondents, there is no reason to believe that the Simon Wiesenthal Center, Rabbi Hier or Rabbi Cooper violated the Act. Accordingly, on September 5, 1989, the Commission closed the file in this matter. The Federal Election Campaign Act of 1971, as amended ("the Act") allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
General Counsel's Report

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2896

DATE FILMED 9/20/89 CAMERA NO. 4

CAMERAMAN AS

9 9 0 4 0 7 6 2 1 8

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE

PUBLIC RECORD IN (CLOSED) MUR 2896

80047417 51

OGC 4082

David McCalden

PO Box 3849, Manhattan Beach, California 90266, U.S.A.

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 SEP 22 AM 11:05

Ms Lois G Lerner
Federal Elections Commission
Washington, DC 20463

CLOSED

19 September 1989

Dear Ms Lerner:

re: MUR 2896

I am quite dismayed at your letter of 13 September 1989 announcing that the FEC has found no violation of the law in regard to the Simon Wiesenthal Center.

In reviewing the accompanying materials, I noted that the FEC did not investigate:

1. Who paid for the original mailing of the Hier/Cooper press-release which subsequently appeared in the B'nai B'rith Messenger and the Los Angeles Herald-Examiner? I suggest that it was the SWC. And that it was only after legal advice that they tried to pretend that the release was actually personal, and not in their official capacity.

2. Who paid for the abortive inclusion of the same press-release in the SWC magazine Response? According to the Examiner, the article was pulled off the presses at the very last minute. Anyone involved in the publishing industry can confirm that such an action is extremely expensive. The FEC should have investigated what reimbursement was paid by the two rabbis to the SWC for this abortive magazine article.

I am sorry that neither of these points got through in my complaint, and were not effectively pursued by the FEC.

Sincerely

DMcCalden

David McCalden

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 SEP 22 AM 9:31