FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4106

DATE FILMED 7/31/85 CAMERA NO. 1

CAMERAMAN ESS

9504366452 2

August 9, 1994

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, DC 20463

Re: Illegal Loss to Ms. Susan Brooks

Dear Mr. Noble:

The California Democratic Party files this Complaint, urging an immediate investigation into illegal bank loans arranged by Ms. Susan Brooks for and received by the Ms. Susan Brooks for Congress Committee. Ms. Brooks, the Republican nominee for Congress in the 36th District of California, directly participated in the arrangements for this illegal loan.

BACKGROUND

The Commission in recent years has clarified the requirements for a lawful loan under the Act. In doing so, it has made clear to candidates and political committees its expectations that those requirements will be carefully followed. Ms Brooks has declined to do so. Moreover, the loan at issue in this complaint was recently made -- issued by the Bank of California beginning on May 27, 1994 and disclosed on her July 15 quarterly report -- and the violation is fresh. In simple terms, the campaign is now currently running in part on this illegal funding.

Judged by the commission's own prioritization standards, which the agency announced in December of 1993, this is the type of violation the commission has pledged to take seriously and to act on promptly. The California Democratic Party respectfully requests that the Commission do so, without delay.

FACTS

The quarterly report filed by the Brooks committee on July 15, 1994 reveals loans to the Committee in the amounts of $15,500, $20,000 and $14,500 from the Bank of California located at 550 South Hope Street, Los Angeles, CA 90071.

The supporting documentation supplied by the Brooks Committee demonstrates that these loans were made by the bank pursuant to a $50,000 line of credit. Exhibit "A". Ms. Brooks signed the necessary bank papers, Exhibit "A", p.3. But the loan documents show that the loans are unsupported by any collateral, any formal or binding commitment of campaign funds or any personal guarantee.

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BANK LENDING VIOLATION

It is also clear from this documentation that the terms on which Ms. Brooks arranged the loan do not satisfy the requirements of the Act. The Commission in 1991 promulgated regulations intended to guard against loans made without adequate assurance of repayment. 56 Fed. Reg. 67118 (Dec. 27, 1991). The Commission regulations now specify two acceptable methods of repayment. 11 C.F.R. S100.7(b) (11) (i). One would involve the posting by the Committee or candidate of traditional collateral in the full amount of the borrowing.[1]

Another would require the Committee to establish a dedicated account for the receipt of specific fundraising proceeds which would be applied to repayment of the bank loan.[2]

The Commission regulations note further that any committee making arrangements for repayment other than these would be required to make an extraordinary demonstration that "in the totality of the circumstances" the loan had been lawfully made on the basis which assured repayment.

CLEAR VIOLATIONS

Ms. Brooks and her committee have completely disregarded both of the prescribed requirements for assuring the repayment of the loan. The Bank of California and the Committee have specifically acknowledged that no collateral was posted. Moreover, they have disclaimed any intention to establish a dedicated account for the acceptance of fundraising proceeds which will be specifically pledged to the retirement of the loan. The Committee states only that somehow it (the Committee) or Ms. Brooks has maintained an "excellent business relationship" with the Bank and on that basis and apparently also on the strength of some "financial statement" submitted by the Committee or Ms. Brooks, assured the Bank that repayment -- at least eventual repayment -- was assured. See Schedule C-1 ("Loans and Lines of Credit from Lending Institutions"), Item F.

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[1]The regulation specifically states:

> "The lending institution making the loan has perfected a security interest in collateral owned by the candidate or political committee receiving the loan, the fair market value of the collateral be equal to or greater than the loan amount and any senior liens as determined on the date of the loan, and the candidate or political committee provides documentation to show that the lending institution has perfected security interest in the collateral. Sources of collateral include, but are not limited to, ownership in real estate , personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable and cash on deposit."

11 C.F.R. S100.7 (b) (11) (a) (A) (1).

[2] The regulation also states:

> "The lending institution making the loan has obtained a written agreement whereby the candidate or political committee receiving the loan has pledged future receipts, such as public financing payments under 11 OFR part .9001 et seq., contributions, or interest income."

11 C.F.R. S100.7 (b) (11) (i) (C) (e)

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It is fully apparent from a closer inspection of the documentation that no such adequate assurances have been made and that the loan cannot satisfy the requirements of the Act. The Schedule C-1 filed by the Committee to show the loan reveals that Ms. Brooks did not supply a personal guarantee of loan repayment. The Committee acknowledges that no other parties, including Ms. Brooks are "secondarily liable" for the debt. See schedule C-1, Item C.

IN OTHER WORDS, IF THE COMMITTEE DEFAULTS ON THE LOAN, THE BANK HAS INADEQUATE LEGAL RECOURSE AGAINST MS. BROOKS.

In fact, it further appears that Ms. Brooks signed the bank papers as agent for the campaign, but she did not commit herself personally to the repayment of the loan with specific collateral or a demonstration of the resources required for repayment. The Bank relied simply on her "say-so:" on an excellent "business relationship", and on a financial statement that would provide some hope but no legal guarantee that Ms. Brooks would see voluntarily to the repayment of the loan.

The Commission has made clear that if, in extraordinary circumstances, the two prescribed methods of payments are not followed:

> The Commission will consider the totality of the circumstances on a case by case basis in determining whether a loan was made on a basis which assures repayment.

11 C.F.R. S100.7 (b) (11) (ii). The Commission must require this showing from Ms. Brooks.

There appears no circumstance which may be properly asserted here to show that the Bank has any assurance whatsoever that its loan to the campaign will eventually be repaid. Should the Committee, like other political committees, run out of money, Ms. Brooks, like other defeated candidates, would stand little chance of raising the funds necessary to repay a stale loan to a stale campaign. The Bank would have nowhere to turn. An arrangement like this flies in the face of what the Commission attempted to accomplish with its rulemaking of 1991. It was precisely to avoid circumstances such as these, where banks make entirely informal arrangements to loan money to candidates, that the Commission instituted the rulemaking of only three years ago.

Ms Brooks cannot disassociate herself from the acts of the Committee in arranging this loan. She apparently negotiated it directly with the Bank: at a minimum, she regarded herself (and was regarded by the Bank) as the responsible agent of the Committee that the Bank required to execute the necessary documentation.

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CONCLUSION

Accordingly, this complaint is filed against the Committee, Ms. Brooks and her Treasurer, all of whom, because of their legal position under the Act or the direct personal involvement, must be held accountable to the Commission for this loan.

Very truly yours,

Bill Press

Bill Press
Chair, California Democratic Party

95043664526

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

AUGUST 22, 1994

Bill Press, Chair
California Democratic Party
911-20th Street
Suite 100
Sacramento, CA 95814

Dear Mr. Press:

This is to acknowledge receipt on August 18, 1994, of your letter dated August 9, 1994. The Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. One of these requirements is that a complaint be sworn to and signed in the presence of a notary public and notarized. Your letter did not contain a notarization on your signature and was not properly sworn to.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this _____ day of _____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him/her also will be sufficient. We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g. In addition, your address is required to appear on the complaint.

Enclosed is a Commission brochure entitled "Filing a Complaint." I hope this material will be helpful to you should you wish to file a legally sufficient complaint with the Commission.

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Please note that this matter will remain confidential for a 15 day period to allow you to correct the defects in your complaint. If the complaint is corrected and refiled within the 15 day period, the respondents will be so informed and provided a copy of the corrected complaint. The respondents will then have an additional 15 days to respond to the complaint on the merits. If the complaint is not corrected, the file will be closed and no additional notification will be provided to the respondents.

If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

Retha Dixon

Retha Dixon
Docket Chief

Enclosure

cc: Bank of California
Susan Brooks for Congress
Susan Brooks

95043664528

CALIFORNIA DEMOCRATIC PARTY

BILL PRESS, Chair

August 9, 1994

AUG 32 11 58 AM '94

Sep 1 11 03 AM '94

Sep 1 12 05 PM '94

RECEIVED FEDERAL ELECTION COMMISSION OFFICE OF GENERAL COUNSEL

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, DC 20463

Re: Illegal Loan to Ms. Susan Brooks

Dear Mr. Noble:

The California Democratic Party files this Complaint, urging an immediate investigation into illegal bank loans arranged by Ms. Susan Brooks for and received by the Ms. Susan Brooks for Congress Committee. Ms. Brooks, the Republican nominee for Congress in the 36th District of California, directly participated in the arrangements for this illegal loan.

BACKGROUND

The Commission in recent years has clarified the requirements for a lawful loan under the Act. In doing so, it has made clear to candidates and political committees its expectations that those requirements will be carefully followed. Ms Brooks has declined to do so. Moreover, the loan at issue in this complaint was recently made -- issued by the Bank of California beginning on May 27, 1994 and disclosed on her July 15 quarterly report -- and the violation is fresh. In simple terms, the campaign is now currently running in part on this illegal funding.

Judged by the commission's own prioritization standards, which the agency announced in December of 1993, this is the type of violation the commission has pledged to take seriously and to act on promptly. The California Democratic Party respectfully requests that the Commission do so, without delay.

FACTS

The quarterly report filed by the Brooks committee on July 15, 1994 reveals loans to the Committee in the amounts of $15,500, $20,000 and $14,500 from the Bank of California located at 550 South Hope Street, Los Angeles, CA 90071.

The supporting documentation supplied by the Brooks Committee demonstrates that these loans were made by the bank pursuant to a $50,000 line of credit. Exhibit "A". Ms. Brooks signed the necessary bank papers, Exhibit "A", p.3. But the loan documents show that the loans are unsupported by any collateral, any formal or binding commitment of campaign funds or any personal guarantee.

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☐ 8440 Santa Monica Boulevard · Los Angeles, CA 90069 · 213.848.3700 · FAX 213.848.3733

BANK LENDING VIOLATION

It is also clear from this documentation that the terms on which Ms. Brooks arranged the loan do not satisfy the requirements of the Act. The Commission in 1991 promulgated regulations intended to guard against loans made without adequate assurance of repayment. 56 Fed. Reg. 67118 (Dec. 27, 1991). The Commission regulations now specify two acceptable methods of repayment. 11 C.F.R. S100.7(b) (11) (i). One would involve the posting by the Committee or candidate of traditional collateral in the full amount of the borrowing.[1]

Another would require the Committee to establish a dedicated account for the receipt of specific fundraising proceeds which would be applied to repayment of the bank loan.[2]

The Commission regulations note further that any committee making arrangements for repayment other than these would be required to make an extraordinary demonstration that "in the totality of the circumstances" the loan had been lawfully made on the basis which assured repayment.

CLEAR VIOLATIONS

Ms. Brooks and her committee have completely disregarded both of the prescribed requirements for assuring the repayment of the loan. The Bank of California and the Committee have specifically acknowledged that no collateral was posted. Moreover, they have disclaimed any intention to establish a dedicated account for the acceptance of fundraising proceeds which will be specifically pledged to the retirement of the loan. The Committee states only that somehow it (the Committee) or Ms. Brooks has maintained an "excellent business relationship" with the Bank and on that basis and apparently also on the strength of some "financial statement" submitted by the Committee or Ms. Brooks, assured the Bank that repayment -- at least eventual repayment -- was assured. See Schedule C-1 ("Loans and Lines of Credit from Lending Institutions"), Item F.

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CONCLUSION

Accordingly, this complaint is filed against the Committee, Ms. Brooks and her Treasurer, all of whom, because of their legal position under the Act or the direct personal involvement, must be held accountable to the Commission for this loan.

Very truly yours,

Bill Press

Bill Press
Chair, California Democratic Party

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CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

No. 5907

State of California

County of Los Angeles

On August 29, 1994 (DATE) before me, Lester Miller - Notary Public (NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC")

personally appeared Bill Press (NAME(S) OF SIGNER(S)),

☐ personally known to me - OR - ☑ proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(~~ies~~), and that by his/~~her~~/their signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

LESTER MILLER
COMM. # 1004164
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires MAY 25, 1996

WITNESS my hand and official seal.

Lester Miller
SIGNATURE OF NOTARY

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____ TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL

☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER: _____

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

_____

DESCRIPTION OF ATTACHED DOCUMENT

Re: Illegal Loss To Ms. Susan Brooks
TITLE OR TYPE OF DOCUMENT

(Four)
NUMBER OF PAGES

August 9, 1994
DATE OF DOCUMENT

None.
SIGNER(S) OTHER THAN NAMED ABOVE

9 5 0 4 3 6 6 4 5 3 3

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 2, 1994

Bill Press
Chair, California Democratic Party
8440 Santa Monica Blvd.
Los Angeles, CA 90069

Dear Mr. Press:

This is to acknowledge receipt of your letter dated August 9, 1994. As we previously notified you on August 22, 1994, the Federal Election Campaign Act of 1971, as amended ("the Act") and Commission Regulations require that the contents of a complaint meet certain specific requirements. Your most recent letter does not meet these requirements. Although your letter was signed in the presence of a notary public and notarized, it was not sworn to, as required.

In order to file a legally sufficient complaint, you must swear before a notary that the contents of your complaint are true to the best of your knowledge and the notary must represent as part of the jurat that such swearing occurred. The preferred form is "Subscribed and sworn to before me on this _____ day of _____, 19__." A statement by the notary that the complaint was sworn to and subscribed before him also will be sufficient.

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We regret the inconvenience that these requirements may cause you, but we are not statutorily empowered to proceed with the handling of a compliance action unless all the statutory requirements are fulfilled. See 2 U.S.C. § 437g. If you have any questions concerning this matter, please contact me at (202) 219-3410.

Sincerely,

Retha Dixon

Retha Dixon
Docket Chief

95043664535

CALIFORNIA DEMOCRATIC PARTY

BILL PRESS, Chair

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
OCT 27 12 32 PM '94

October 26, 1994

MUR 4106

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, DC 20463

Re: Illegal Loss to Ms. Susan Brooks

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CONCLUSION

Accordingly, this complaint is filed against the Committee, Ms. Brooks and her Treasurer, all of whom, because of their legal position under the Act or the direct personal involvement, must be held accountable to the Commission for this loan.

Very truly yours,

Bill Press

Bill Press
Chair, California Democratic Party

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 26 DAY OF Oct 1994

Notary Public

LENORE MILLER
COMM. # 1067166
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires MAY 23, 1996

95043664539

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 2, 1994

Bill Press, Chair
California Democratic Party
8440 Santa Monica Boulevard
Los Angeles, CA 90069

RE: MUR 4106

Dear Mr. Press:

This letter acknowledges receipt on October 27, 1994, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) 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 4106. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar (KB)

Mary L. Taksar, Attorney
Central Enforcement Docket

Enclosure
Procedures

9504366454 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 2, 1994

Susan Brooks
3419 Corrina Drive
Rancho Palos Verdes, CA 90274

RE: MUR 4106

Dear Ms. Brooks:

The Federal Election Commission received a complaint which indicates 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 4106. 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 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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.

9504366454 1

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Taksar (HES)

Mary L. Taksar, Attorney
Central Enforcement Docket

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

9504366454 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 2, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4106

Dear Ms. Daiber:

The Federal Election Commission received a complaint which indicates that the Susan Brooks for Congress Committee ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4106. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, 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 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 Alva H. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Takear (HS)

Mary L. Takear, Attorney
Central Enforcement Docket

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

9504366454 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 2, 1994

Hiro Nosawa, President
Bank of California
550 South Hope Street
Los Angeles, CA 90071

RE: MUR 4106

Dear Mr. Nosawa:

The Federal Election Commission received a complaint which indicates that the Bank of California 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 4106. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Bank Of California 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 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you 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 Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,

Mary L. Takser (JGS)

Mary L. Takser, Attorney
Central Enforcement Docket

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

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SUSAN BROOKS FOR CONGRESS

CO-CHAIRS
LYN NOFZIGER
ROBERT A. VIRTUE

ENDORSED BY
DICK CHENEY
SENATOR BOB DOLE
CONGRESSMAN NEWT GINGRICH
JACK KEMP
LYNN MARTIN

ELECTED OFFICIALS
ROBERT G. BEVERLY
Senator 37th District
DIANE DANA
Supervisor 4th District
MIKE ANTONOVICH
Supervisor 5th District
PAUL HORCHER
Assemblyman, 68th District
ERNEST DRONENBURG JR.
Board of Equalization
COUNCILMAN NORM STOW
Avalon
COUNCILMAN LIAM WESTON
COUNCILWOMAN JANE FRIEDKIN
El Segundo
MAYOR SAM EDGERTON
COUNCILMAN ROBERT BENZ
Hermosa Beach
COUNCILMAN CHARLES BELBA
COUNCILMAN DAVE ALBERT
COUNCILMAN HAL CROYTS
Lomita
COUNCILMAN HAL BERNSON
Los Angeles
COUNCILMAN STEVE BARNES
COUNCILMAN TIM LILLIGREN
Manhattan Beach
COUNCILMAN WILLIAM PINER
COUNCILMAN RAY MATTINGLY
COUNCILMAN MIKE MOODY
COUNCILWOMAN ROSEMARY HUMPHREY
Palos Verdes Estates
MAYOR STEVE KLYKENDALL
COUNCILWOMAN MARILYN LYON
COUNCILMAN LEE BYRD
Rancho Palos Verdes
MAYOR BRAD PARTON
Redondo Beach
MAYOR BARBARA RAUCH
COUNCILMAN BOB BECK
Rolling Hills Estates
COUNCILMAN DAN WALKER
Torrance

CIVIC LEADERS
GILBERT ALBERSO
Chair R.P.V. Planning Commission
GUNTHER BUERK
Former Councilman RPV
ELEANOR CURRY
Former Trustee P.V. Board of Education
JAN DENNIS
Former Mayor, Manhattan Beach
BARBARA FERRARO
R.P.V. Planning Commissioner
JOAN MILKE FLORES
Former Los Angeles Councilwoman
PAULA GALE
LA Convention Center Commissioner
ROBERT HARGRAVE
Former Mayor, Lomita
JAMES A. HAYES ESQ
Former LA County Supervisor
SONJA PEDERSON HAYES
R.P.V. Planning Commissioner
BOB HOLMES
Former Mayor, Manhattan Beach
HUGH MULLER
Former Mayor, Rolling Hills Estates
ANGIE PAPADAKIS
Little Hoover Commission
ED REA SR
Former Trustee P.V. Board of Education
PETER ROSSICK
Former Mayor, Lomita
DAVE "CISCO" RUTH
Former Councilman RPV
ROBERT E. RYAN
LA County Planning Commissioner
STEVE SCHLESINGER
Treasurer, Manhattan Beach
CONNIE SIEBER
Former Mayor, Manhattan Beach
DON VANNORSDALL
RPV Planning Commissioner
TERRY WARD
Former Mayor, Redondo Beach
KIM WANG
RPV Planning Commissioner
EDDY WEBBER
Former Mayor, Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

November 15, 1994

Federal Election Commission
Washington, DC 20463

Attention: Alva Smith

Re: MUR 4106

Dear Ms. Smith:

In addition to our telephone conversation of this morning during which the above case was not discussed, this letter is a request for a 30 day extension, or the maximum time allowable for an extension, to respond to the above case, due to the reasonable cause stated below. The letter from the FEC was received on November 10, 1994.

The Susan Brooks for Congress Committee is involved in a protracted count of absentee ballots which will decide the outcome of the election for her House of Representatives seat for the California 36th District.

Two other races are to be decided by the count of 200,000 Los Angeles County absentee ballots and one of these received a court order to hold counting until a fraud allegation is considered. Due to delays beyond our control, the Committee has been entirely involved in this process which will continue into the week of November 21, 1994.

Therefore, we request the maximum extension of time in which to respond.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer

FAXED TO 202 219 3923, LETTER TO FOLLOW

36TH CONGRESSIONAL DISTRICT

Bring Government Home!

3525 Pacific Coast Hwy. • Torrance, California 90505 • Telephone: (310) 534-5505 • Fax: (310) 534-3711

PAID FOR AND AUTHORIZED BY SUSAN BROOKS FOR CONGRESS; I.D. #C00203481

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 16, 1994

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4106

Dear Ms. Daiber:

This is in response to your letter dated November 15, 1994, requesting an extension of 30 days to respond to the complaint filed in the above-noted matter.

Considering the Federal Election Commission's responsibilities to act expeditiously in the conduct of investigations, the Office of the General Counsel cannot grant your full request, but can only agree to a 20-day extension. Accordingly, the response is due by close of business on December 12, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Takar

Mary L. Takar, Attorney
Central Enforcement Docket

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RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM
Nov 25 9 22 AM '94

BANKCAL

THE BANK OF CALIFORNIA

(415) 765-2506
FAX: (415) 765-3391

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
Nov 25 10 25 AM '94

November 18, 1994

Alva Smith
Office of the General Counsel
Federal Election Commission
999 "E" Street North West
Washington D.C., 20463

Re: Mur 4106

Dear Ms. Smith:

The purpose of this letter is twofold. The first is to advise you that, pursuant to the enclosed Designation of Counsel, I will be representing The Bank of California, National Association. The second is to request an extension of time within which to respond to the allegations contained in the complaint filed in the above-referenced matter. The transmittal letter from your office to the Bank dated November 2, 1994 was received on November 7. The Bank's response is therefore currently due on Tuesday, November 22.

The account officer who made the loan in question is a key witness into the investigation into this matter. Unfortunately she is no longer employed by the Bank. Although she is cooperative, it is now clear that we will be unable to provide the FEC with her affidavit by the November 22 deadline. An extension of 20 days, through and including Monday, December 12, should allow the Bank an adequate amount of time to obtain her affidavit and complete our internal investigation.

You may fax your response to this extension request to me at 415-765-3391. Thank you for your consideration in this matter.

Very truly yours,

Michael T. Connell

Michael T. Connell
Vice President and
Associate General Counsel

Enclosure

MTC/da/1498KK

400 CALIFORNIA STREET • P. O. BOX 45000 • SAN FRANCISCO • CALIFORNIA 94145 • 415 765-0400

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STATEMENT OF DESIGNATION OF COUNSEL

NMR 4106

NAME OF COUNSEL: Michael T. Connell

ADDRESS: The Bank of California Legal Division
400 California St., 12th Floor
San Francisco, CA 94104

TELEPHONE: 415-765-2506

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.

The Bank of California, N.A.

11-18-94
Date

By: [signature]
Signature
John H. McGuckin, Jr.
Senior Vice President, General Counsel
& Secretary

RESPONDENT'S NAME: The Bank of California, N.A.

ADDRESS: The Bank of California Legal Division
400 California St., 12th Floor
San Francisco, CA 94104

HOME PHONE: N/A

BUSINESS PHONE: 415-765-2945

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

Michael T. Connell, Esq.
The Bank of California
400 California Street
P.O. Box 45000
San Francisco, CA 94145

RE: MUR 4106
Bank of California

Dear Mr. Connell:

This is in response to your letter dated November 18, 1994, requesting an extension until December 12, 1994, to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on December 12, 1994.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar, Attorney
Central Enforcement Docket

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RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
Dec 13 12 02 PM '94

BANKCAL
THE BANK OF CALIFORNIA

(415) 765-2506
FAX: (415) 765-3391

December 9, 1994

Federal Election Commission
Office of the General Counsel
Attn: Alva Smith
999 "E" Street Northwest
Washington, D.C. 20463

Re: MUR 4106: Loan to Susan Brooks from Bank of California, N.A.

Dear Ms. Smith:

This letter and the attached affidavits of Gaylin King and Mark Nakamaru constitute the response of The Bank of California, National Association ("Bank") to the October 26, 1994 complaint signed by Bill Press regarding the Bank's loan to Susan Brooks.

The Bank extended a $50,000 line of credit to Ms. Brooks and the issue is whether this extension of credit constituted an improper contribution under 2 USC 441b. The interpretive regulation, 11 CFR §100.7(a) provides that loans are contributions unless they fit within 11 CFR §100.7(b)(11). That section provides that a loan by a national bank is not a contribution if the loan is made in accordance with applicable banking laws and regulations and is made in the ordinary course of business. An element in determining whether a loan was made in the ordinary course of business is whether it was made on a basis which assures repayment. The loan will be considered as having been made on such a basis if the lender has a perfected security interest in collateral or if the candidates committee had pledged future receipts for repayment. 11 CFR §100.7(b)(11)(i).

The facts set forth in the attached affidavits make it clear that the loan was unsecured and that no pledge was received. Accordingly, the operative provision for this matter is 11 CFR §100.7(b)(11)(ii) which provides that in all other cases the commission will examine the "totality of the circumstances" to ascertain if the loan was made on a basis which assures repayment. The facts set forth in the affidavits clearly support the conclusion that this was a loan made in the ordinary course of business on a basis which assures repayment and that it was not, therefore, a contribution.

400 CALIFORNIA STREET • P O BOX 45000 • SAN FRANCISCO • CALIFORNIA 94145 • 415 765-0400

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The affidavit of Gaylin King and the line of credit note attached thereto indicate that:

- Ms. Brooks was the obligor on the note, not her campaign committee as the complaint asserts.
- The obligation was in writing on the Bank's standard line of credit note form.
- None of the usual note provisions protecting the Bank were removed and no special provisions favoring Ms. Brooks were added.
- Repayment was to be made on a date certain, November 15, 1994.
- The interest rate was prime plus 2.
- This interest rate was the usual and customary rate for a loan of this type.
- A non-refundable loan fee of $250 was charged to and paid by Ms. Brooks. This was the normal loan fee for a loan of this type.
- Interest was payable on the 15th of each month and, to the best of Ms. Kings knowledge, those payments were timely made.
- The financial underpinnings for the note consisted of Ms. Brooks community property interest in her marital estate which had a net worth value in excess of $300,000 and in the annual cash flow of the estate which was in excess of $150,000.
- The loan funds were disbursed directly to Ms. Brooks.
- The loan was made in accordance with applicable banking laws and regulations.
- Ms. King did not discuss the possibility of this loan being a contribution with Ms. Brooks or anyone else.
- The loan was never intended to be a contribution.

The affidavit of Mark Nakamaru also makes it clear that this transaction was intended to be a loan, not a contribution, which was to be repaid as agreed and, that the loan was, in fact repaid in full.

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The complaint signed by Mr. Press offers no facts to refute the foregoing other than the assertion that the loan was to the campaign committee of Ms. Brooks and that she had no personal liability. That assertion is clearly erroneous.

The Bank respectfully submits the only fair and just conclusion that the Commission can reach, after reviewing the totality of the circumstances, is that this transaction was an extension of credit and not a contribution.

Very truly yours,

Michael T. Connell

Michael T. Connell
Vice President and
Associate General Counsel

Enclosures

MTC/da/1506KK

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AFFIDAVIT OF MARK NAKAMARU

DEC 13 12 02 PM '94

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES }

MARK NAKAMARU BEING FIRST DULY SWORN, DEPOSES AND SAYS:

I am employed as a Vice President and private banking team leader at the Los Angeles office of The Bank of California, National Association ("Bank").

On April 1, 1994 I approved the $50,000 line of credit to Susan Brooks, which is the subject of Federal Election Commission MUR 4106, after Gaylin N. King, a member of my team, recommended it. I have reviewed the Affidavit of Gaylin N. King, which was submitted in connection with MUR 4106. I can confirm that the exhibit attached thereto is a true and correct copy of the line of credit note and that, to the best of my knowledge, each of the factual statements made by Gaylin N. King in that Affidavit are true and correct.

I approved the loan on the basis of Ms. Brooks community property interest in the assets and future income of the community. I had no communications with regard to this line of credit with anyone at my level or higher inside the bank while the credit approval was pending. I had no discussions with anyone, including Ms. Brooks, or anyone else acting on their behalf about this line of credit being considered a contribution to her campaign or that repayment of it would in any way be waived. This loan was never intended by me or, to the best of my knowledge, by anyone else at the bank, to be a contribution to the campaign of Ms. Brooks. To the best of my knowledge the Bank had always expected to be repaid on this loan, and the loan was in fact repaid in full. I never considered the possibility that anyone would try to characterize this loan as a contribution until I was informed of the complaint filed with the Federal Election Commission.

AND FURTHER DEPONENT SAITH NOT

Subscribed and sworn }
to before me this 9th }
day of December, 1994 }

Mark Nakamaru

Valerie Kaye Harris
Notary Public.

OFFICIAL NOTARY SEAL
VALERIE KAYE HARRIS
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires NOV 08, 1996

227K

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AFFIDAVIT OF GAYLIN N. KING

STATE OF CALIFORNIA }
COUNTY OF Los Angeles }

GAYLIN N. KING BEING FIRST DULY SWORN, DEPOSES AND SAYS:

I am currently Vice President of Administration at Whittier Trust. My previous employment was as vice president and loan officer for The Bank of California, National Association ("Bank"). My recent departure from the Bank was not related to the loan to Susan Brooks which is the subject of Federal Election Commission MUR 4106 and which is more fully described below.

On March 31 1994 Susan Brooks applied for a $50,000 loan in her own name the purpose of which was a working capital line for her campaign. Financial data and tax returns provided by Ms. Brooks were examined and a credit report was requested and reviewed.

In my analysis of her credit application I considered the interest of Ms. Brooks in the net worth of her community property estate as is required by law. The net worth of that community property estate was in excess of 300,000. I also considered Ms. Brooks interest in the future income flow of the community as the bank was legally permitted to do. That projected flow was in excess of 150,000 per year. The primary source of repayment of the loan was to come from this income flow.

At the conclusion of my analysis I recommended approval of the credit line, and my team leader, Mark Nakamura, approved it. No other approvals were sought or required since this credit was within the routine credit authority previously granted to Mr. Nakamura. I spoke with no one in the bank above Mr. Nakamura about this credit at the time it was under consideration. To the best of my knowledge Mr. Nakamura had no communications with anyone in the bank at or above his level about this credit while it was under consideration.

After Mr. Nakamura approved the credit a line of credit note was prepared. A true and correct copy of the note is attached hereto. The note, which is for $50,000, is signed by Susan

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Brooks individually, and she is therefore solely responsible for the repayment of it. Neither her husband, James, nor her campaign committee have any obligation to the Bank under the terms of the note. To the best of my knowledge this loan was made in accordance with applicable banking laws and regulations.

The interest rate was prime plus 2% which was the usual and customary rate for a loan of this type. A loan fee of $250, which was normal for a line of this size, was charged and collected. The note was to be repaid with interest payments on the 15th of each month and, to the best of my knowledge, those interest payments have in fact been paid as agreed. The principal was to be repaid on November 15, 1994. The note was a pre-printed standard form note currently in use by the bank for lines of credit to individuals. No special conditions or covenants were added to this note for the benefit of Ms. Brooks and none of the Bank's usual terms and conditions were deleted from it. When the loan funds were disbursed they went directly to Ms. Brooks.

At no time did I ever discuss this loan as a contribution to her campaign with Ms. Brooks, or anyone acting on her behalf, and this loan certainly was never intended, by me or, to the best of my knowledge, by anyone else at the Bank, to be a contribution to the campaign of Ms. Brooks. To the best of my knowledge the Bank has always expected to be repaid on this loan. In fact, I never considered the possibility that anyone would try to characterize this loan as a contribution until I was informed of the complaint filed with the Federal Election Commission.

AND FURTHUR DEPONENT SAITH NOT

Gaylin N. King

Gaylin N. King

Subscribed and sworn }
to before me this 8th }
day of ~~November~~ December, 1994 }

Paula G. Park

Notary Public.

PAULA G. PARK
COMM. # 1000159
Notary Public — California
LOS ANGELES COUNTY
My Comm. Expires AUG 22, 1997

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226K

THE BANK OF CALIFORNIA

LINE OF CREDIT NOTE
(INDIVIDUAL)

12 02 11 '94

$ 50,000.00 April 7, 1994

Each signer of this Note ("Borrower") promises to pay to the order of The Bank of California, N.A. ("Bank") at its office at 555 South Flower, Los Angeles, CA 90071 or at such other place as Bank may designate in writing, in lawful money of the United States of America, the principal sum of Fifty Thousand and No/100 DOLLARS ($ 50,000.00), or so much thereof as may be advanced and outstanding, with interest on each advance under this Note from the date it is disbursed until maturity, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the rate Bank announces to be in effect from time to time as its prime rate (the "Prime Rate") plus 2.000 %. The Prime Rate is a rate set by Bank based upon various factors including general economic and market conditions, and is used as a reference point for pricing certain loans. Bank may price its loans at, above, or below the Prime Rate.

During the term of this Note, Borrower may borrow, repay and reborrow as Borrower may elect, in minimum amounts One Thousand and No/100 DOLLARS ($ 1,000.00), and subject to all limitations, terms and conditions contained herein and in any other agreements or documents executed in connection with this Note: provided, however, that the outstanding principal balance of this Note shall at no time exceed the maximum principal amount stated above.

After the first advance and prior to _____, Borrower shall maintain a zero balance on this Note for a period of at least _____ (_____) consecutive days.

Interest shall be payable on the 18th day of each consecutive month beginning the first such date after the first advance under this Note, and continuing through November 18, 1994, on which date all accrued interest and principal remaining unpaid shall be due and payable in full. Principal, interest, and all other sums owed Bank under any Loan Document (as defined below) shall be evidenced by entries in records maintained by Bank for such purpose. Each payment on and any other credits with respect to principal, interest and all other sums outstanding under any Loan Document shall be evidenced by entries in such records. Bank's records shall be conclusive evidence thereof.

Borrower hereby expressly authorizes Bank to debit Borrower's account no. _____ for the amount of each payment of principal and interest and all other sums owed Bank under any Loan Document. Borrower shall have sufficient collected balances in said account in order that each such payment shall be available when due.

☐ Notwithstanding the provisions in this Note setting forth the dates on which payments of interest and principal are payable (but excepting from this exception the final payment of interest and principal), and so long as Borrower is not in default under this Note or any other Loan Documents, Bank agrees that each ☐ month ☐ calendar quarter ☐ fiscal quarter it shall provide Borrower a bill generated as of each established payment date specifying the amount of interest and principal, if any, as well as any fees and charges, due on such date and specifying a date ten (10) days after such date as the date on which Bank shall debit Borrower's account for the amounts due.

If Borrower fails to have sufficient amounts in the account designated to be debited to satisfy in full the aggregate of amounts billed in any billing period, then amounts remaining unpaid shall be past due and subject to the penalty rate set forth in this Note.

With respect to unpaid principal amounts, interest continues to accrue thereon until Bank's actual receipt of payment.

Bank, at its sole discretion, may change the advance notice procedure by which payments are effected.

☐ Borrower has paid or shall pay to Bank no later than April 7, 1994, a non-refundable fee of $ 250.00 for this line of credit.

☐ Borrower shall pay to Bank a non-refundable fee for this line of credit for the period beginning on the date of this Note and ending on _____, such fee to be payable in arrears in quarterly instalments on the last day of each March, June, September, and December, commencing on the first such date to occur after the date of this Note, and on _____, and to be computed at a rate per annum equal to _____ percent (_____ %) on the average daily unused amount of this line of credit during such period.

Each advance shall be made by a deposit to one of Borrower's accounts no. 032-600415 at Bank's Los Angeles Office, unless Borrower shall otherwise direct Bank in writing.

Advances may be requested in writing, by telephone, telex or otherwise on behalf of Borrower. Borrower recognizes and agrees that Bank cannot effectively determine whether a specific request purportedly made by or on behalf of Borrower is actually authorized or authentic. As it is in Borrower's best interest that Bank advance funds in response to these forms of request, Borrower assumes all risks regarding validity, authenticity and due authorization of any request purporting to be made by or on behalf of Borrower. Borrower promises to repay any sums, with interest, that are advanced by Bank pursuant to any request which Bank in good faith believes to be authorized, or when the proceeds of any advance are deposited to the account of Borrower with Bank, regardless of whether any individual or entity ("Person") other than Borrower may have authority to draw against such account.

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The obligation of Bank to make any advance to Borrower, the proceeds of which are, at Borrower's request, to be wire-transferred to Borrower or any other Person, shall be subject to all applicable laws and regulations, and the policy of the Board of Governors of the Federal Reserve System on Reduction of Payments System Risk in effect from time to time ("Applicable Law and Policy"). Borrower acknowledges that as a result of Applicable Law and Policy, the transmission of the proceeds of any advance which Borrower has requested to be wire-transferred may be significantly delayed.

Any unpaid payments of principal or interest on this Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the Prime Rate plus 5%, until paid in full, whether before or after judgment.

Interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest payments than if a 365-day year were used. Each change in the rate of interest shall become effective on the date each Prime Rate change is announced within the Bank. In no event shall Borrower be obligated to pay interest at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

The occurrence of any of the following shall (1) terminate any obligation of Bank to make or continue the line of credit evidenced by this Note, and shall, at Bank's option, (2) make all sums of interest, principal and any other amounts owing under any Loan Documents immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands; and (3) give Bank the right to exercise any other right or remedy provided by contract or applicable law:

(a) Borrower shall fail to make any payment of principal or interest when due under this Note or to pay any fees or other charges when due, or Borrower or any other Person shall fail to provide Bank with, or to perform any obligation under, this Note or any contract, instrument, addenda or document executed in connection with this Note, including without limitation any rate option agreement, guaranty, pledge agreement, security agreement or deed of trust (including this Note, each a "Loan Document");

(b) Any representation or warranty made, or financial statement, certificate or other document provided, by Borrower or any guarantor ("Guarantor") of the obligations evidenced by this Note ("Obligations") shall prove to have been false or misleading;

(c) Borrower or any Guarantor shall fail to pay its debts generally as they become due or shall file any petition or action for relief under any bankruptcy, insolvency, reorganization, moratorium, creditor composition law, or any other law for the relief of or relating to debtors; an involuntary petition shall be filed under any bankruptcy law against Borrower or any Guarantor, or a custodian, receiver, trustee, assignee for the benefit of creditors, or other similar official, shall be appointed to take possession, custody or control of the properties of Borrower or any Guarantor; or the death, incapacity, dissolution or termination of the business of Borrower or any Guarantor;

(d) Borrower or any Guarantor shall fail to perform under any other agreement involving the borrowing of money, the purchase of property, the advance of credit or any other monetary liability of any kind to any Person; or any guaranty of the Obligations shall be revoked or terminated;

(e) Any governmental or regulatory authority shall take any action, any defined benefit pension plan maintained by Borrower or any Guarantor shall have any unfunded liabilities, or any other event shall occur, any of which, in the judgment of Bank, might have a material adverse effect on the financial condition or business of Borrower or any Guarantor;

(f) Any sale, transfer or other disposition of all or a substantial or material part of the assets of Borrower or any Guarantor, including without limitation to any trust or similar entity, shall occur;

(g) Any Person shall fail to perform its obligations under the terms of any promissory note, contract or other obligation that is held by Bank as collateral for the Obligations; or Bank shall not have a perfected security interest in, or shall deem itself insecure with respect to the value of, any collateral being held for the Obligations;

(h) Any judgment(s) shall be entered against Borrower or any Guarantor, or any involuntary lien(s) of any kind or character shall attach to any assets or property of Borrower or any Guarantor, any of which, in the judgment of Bank, might have a material adverse effect on the financial condition or business of Borrower or any Guarantor;

(i) Borrower shall fail to perform any of its duties or obligations under any Loan Document not specifically referenced hereinabove.

No failure or delay on the part of Bank in exercising any power, right or privilege under any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right or privilege shall preclude any further exercise thereof or the exercise of any other power, right or privilege.

Dispute Resolution

(a) **Mandatory Arbitration.** Any controversy or claim between or among the parties including but not limited to those arising out of or relating to this Note or any related agreements or instruments ("Subject Documents"), including any claim based on or arising from an alleged tort, shall be determined by arbitration in accordance with Title 9 of the U.S. Code and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). All statutes of limitations which would otherwise be applicable shall apply to any arbitration

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proceeding under this subparagraph (a). Judgment upon the award rendered maybe entered in any court having jurisdiction. This subparagraph (a) shall apply only if, at the time of the proposed submission to AAA, none of the obligations to Bank described in or covered by any of the Subject Documents are secured by real property collateral or, if so secured, all parties consent to such submission.

(b) Judicial Reference. If the controversy or claim is not submitted to arbitration as provided and limited in subparagraph (a), but becomes the subject of a judicial action, any party may elect to have all decisions of fact and law determined by a reference in accordance with applicable state law. If such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA-sponsored proceedings. The referee, or presiding referee of the panel, shall be an active attorney or retired judge. Judgment upon the award rendered shall be entered in the court in which such proceeding was commenced.

(c) Provisional Remedies, Self Help, and Foreclosure. No provision of, or the exercise of any rights under, subparagraph (a), shall limit the right of any party to exercise self help remedies such as setoff, to foreclose against any real or personal property collateral, or to obtain provisional or ancillary remedies such as injunctive relief or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished either by exercise of power of sale under the deed of trust or mortgage, or by judicial foreclosure. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self help remedies shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration.

To the extent any provision of this dispute resolution clause is different than the terms of this Note, the terms of this dispute resolution clause shall prevail.

Borrower shall reimburse Bank for all costs and expenses, including without limitation reasonable attorneys' fees, expended or incurred by Bank in any arbitration, judicial reference, legal action or otherwise in connection with (a) the negotiation, preparation, amendment and enforcement of the Loan Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to Bank's rights, remedies and obligations under the Loan Documents, (b) collecting any sum which becomes due Bank under any Loan Document, (c) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (d) the protection, preservation or enforcement of any rights or remedies of Bank.

Each Borrower is jointly and severally liable for the obligations evidenced by this Note, and all references to "Borrower" shall be to "each" or "any" Borrower as the context requires.

This Note shall be governed by, and construed in accordance with, the laws of the State of California.

All terms and conditions set forth on the _____ Addendum(s) attached to this Note are incorporated by this reference.

Susan M. Brooks
SUSAN M. BROOKS

_____

_____

_____

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SUSAN BROOKS FOR CONGRESS

CO-CHAIRS
LYN NOFFZIGER
ROBERT A. VIRTUE
ENDORSED BY
DICK CHENEY
SENATOR BOB DOLE
CONGRESSMAN NEWT GINGRICH
JACK KEMP
LYNN MARTIN
ELECTED OFFICIALS
ROBERT G. BEVERLY
Senator, 35th District
DEANE DANA
Supervisor, 4th District
MIKE ANTONOVICH
Supervisor, 5th District
PAUL NORCHER
Assemblyman, 48th District
ERNEST DRONENBURG JR.
Board of Equalization
COUNCILMAN NORM STOW
Avalon
COUNCILMAN LIAM WESTON
COUNCILWOMAN JANE FRIEDKIN
El Segundo
MAYOR SAM EDGERTON
COUNCILMAN ROBERT BENZ
Hermosa Beach
COUNCILMAN CHARLES BELBA
COUNCILMAN DAVE ALBERT
COUNCILMAN HAL CROYTS
Lomita
COUNCILMAN HAL BERNSON
Los Angeles
COUNCILMAN STEVE BARNES
COUNCILMAN TIM LILLIGREN
Manhattan Beach
COUNCILMAN WILLIAM PINER
COUNCILMAN RAY MATTINGLY
COUNCILMAN MIKE MOODY
COUNCILWOMAN
ROSEMARY HUMPHREY
Palos Verdes Estates
MAYOR STEVE KUYKENDALL
COUNCILWOMAN MARILYN LYON
COUNCILMAN LEE BYRD
Rancho Palos Verdes
MAYOR BRAD PARTON
Redondo Beach
MAYOR BARBARA RAUCH
COUNCILMAN BOB BECK
Rolling Hills Estates
COUNCILMAN DAN WALKER
Torrance
CIVIC LEADERS
GILBERT ALBERTO
Chair R.P.V. Planning Commission
GUNTHER BUERK
Former Councilman RPV
ELEANOR CURRY
Former Trustee P.V. Board of Education
JAN DENNIS
Former Mayor, Manhattan Beach
BARBARA FERRARO
R.P.V. Planning Commissioner
JOAN MILKE FLORES
Former Los Angeles Councilwoman
PAULA GALE
LA Convention Center Commissioner
ROBERT HARGRAVE
Former Mayor, Lomita
JAMES A. HAYES ESQ.
Former LA County Supervisor
SONIA PEDERSON HAYES
R.P.V. Planning Commission
BOB HOLMES
Former Mayor, Manhattan Beach
HUGH MULLER
Former Mayor, Rolling Hills Estates
ANGIE PAPADAKIS
Little Hoover Commission
ED REA SR.
Former Trustee P.V. Board of Education
PETER ROSSICK
Former Mayor, Lomita
DAVE 'CISCO' RUTH
Former Councilman RPV
ROBERT E. RYAN
LA County Planning Commissioner
STEVE SCHLESINGER
Treasurer, Manhattan Beach
CONNIE SIEBER
Former Mayor, Manhattan Beach
JON VANNORSDALL
RPV Planning Commissioner
TERRY WARD
Former Mayor, Redondo Beach
KIM WANG
RPV Planning Commissioner
EDIE WEBBER
Former Mayor, Hermosa Beach
LAWRENCE WHITENECK
RPV Planning Commissioner

December 13, 1994

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FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
DEC 13 10 08 AM '94

Lawrence Noble, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
6th Floor
Washington D.C. 20463

Re: MUR 4106

Dear Mr. Noble:

Susan Brooks and the Susan Brooks for Congress Committee (hereinafter collectively the "Brooks Respondents") provide the following response to the Complaint filed against them by the California Democratic Party ("CDR") in the above-identified Matter-Under-Review.

The Complaint accuses the Brooks Respondents of violating 11 C.F.R. § 100.7(b)(11) by "arrang[ing]" for $50,000 in "illegal bank loans" from the Bank of California to the Susan Brooks for Congress Committee. According to the Complaint, the "loans" were made through Susan Brooks as an "agent" for the Susan Brooks for Congress Committee without any "adequate assurances" the loans would be repaid. The CDR specifically alleges that the loans were not collateralized nor made the subject of a dedicated repayment account and that Susan Brooks "did not supply a personal guarantee of loan repayment". The CDR therefore alleges that the Bank of California has "inadequate legal recourse" if the "Committee defaults on the loan," rendering the loan illegal under the Federal Election laws. The Complaint and its allegations are erroneous from both a factual and legal standpoint.

The true facts concerning the relationship between the Brooks Respondents and the Bank of California are set out in the appended Declaration of Susan M. Brooks. In March of 1994, Susan Brooks applied

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36TH CONGRESSIONAL DISTRICT
Bring Government Home!
3525 Pacific Coast Hwy. • Torrance, California 90505 • Telephone: (310) 534-5505 • Fax: (310) 534-3711
PAID FOR AND AUTHORIZED BY SUSAN BROOKS FOR CONGRESS: I.D. #C00[illegible]

ADVISORY COMMITTEE

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Patt Ambrose
Lee Anderson
Ruth Andrew
Suzanne Armstrong
Michael Bak-Boychuk
Fran Baker
Ida Baker
Joan Baldwin
Dr. Warren Barr
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Virginia Clay
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Margaret Congdon
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John Crawley
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Dr. Robert & Karen Felton
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James Ferro
Dr. Robert Fenton
Carol Fleener
Janet Fleming
Burton Fletcher
Del & Carol Freeman
Donald Frey
Ann Gage
Marge Gage
James & Marty Gamble
William Garrett
David & Kathleen Geiger
John Gentry
Robert Gibson
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Linda Grainger
Jean Grow
Hans Gruber
Jane Grove
L. F. Gunderson
Candace Haggard
Judith Haggard
Bonna Halbrand
John Hastings
Sharon Hegenbarger
Lowell Hendrick
Marcela Hernandez
Howard Highnit
Lloyd & Renata Hilz
Fern Hitchcock
Richard Holdaway
James Horst
Vera Hoskins
Anne Hrabko
Dr. Virginia Hume
John H. Hudson, Col.
Celeste Hughes
William Hunter
Ron Ison
Gale Ivers
Dorothy Jackson
Thomas Jackson
Eugene Jacquemin
Alan Jones
William Jones
Richard Jennings
Jane Johnson
Jeff & Melissa Johnson
Susan Jones
Dennis & Jeannette Jones
Sonia Jones
Mrs. John Just
Seymour Kahn
Dr. Daniel K. Kaiz
Hanch-Yun Kaul
Ben Kaplinsky
Ali Karroo
Robert Katherman
Lehman Katz
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Margo Kellette
Janice Kelley
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Dr. John Lam
R. T. L. Littlefair
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Dr. William Liu
Eleanor Long
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Dr. Richard Nasse
Erik Nichols
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Nancy Nugent
John & Maureen Nunn
John & Caroline Oakes
Mark Ott
Ernest Papadakis
John Papadakis
Nick Papadakis
Claude Parrish
Bonnie Pappas
W. J. "Bill" Pendleton
John Peterson
Ben Petty
Phillip Pontious
Sylvia Pontious
Peter A. Pokos
Mary Ann Pompella
Hillary Price
Barbara Purdy
Matthew Rae, Jr.
Barry Rayno
Richard Rempfer
George & Michele Rapparini
Michael Rapparini
John Raulch
Jean Rauze
John & JoAnn Rich

Ed & Gladys Richardson
Brooks & Lee Ann Roddan
Peter Rossicis
Milton Roth
Patricia Roth
Dr. Irene Savodnik
Ray Scalberton
Reverent Schaber
Shirley Schlesinger
Janet Schmeisseiter
Shirley Schroer
Audrey Schubach
John Schurient
Lois Schwaiss
Lois-Anne Schwalm
Varda Scudder
Vernon & Grace Sehleman
Dr. C. O. Semonin
James Senick
Gordon Shelburn
Jamshid Shirazi
James Shoemaker
Todd Sieber
Julian Sirak
Catherine Sachs
Vladimir & Florin Skakovich
Garrett Smith
Barry J. Smith
Lynn Solaro
Howard Soule
William Sparks
Robert Spindel
Sandy Stager
Shawn Steel
Mitchell Steinberger
Douglas Steers
Paul & Donnella Stewart
Donna Stinson
Stefan Stoin
Noel Stone
Barbara Stone
Angela Stuart
Mohan Syal
Elizabeth Szu
Lynn B. Tabah
Ravi Tapia
Dr. Forest & Miriam Tarnam
Susan Thornhill
Tony Tatoria
Dr. Teddy Tong
Dr. Zong Tsai
Bill Ukropina
Frederick Ursiman
Wesley & Loretta Van Tassel
Dan Vandenberg
Victor Velagosa
Willie Velez
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Angela Vuchase
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Shirley Wade
Robert Wagner
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Dave Wall
Mary Wallace
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Roberta Walden
Glenn Warner
Steve Wilsberg
Mark Weber
Loretta Westhoff
Craig Whitrel
Lillian Wilkins
Quendoura Williams
Jim Willingham
Anita Wilson
Elbert Wirt
Steve Wolowitz
Rose Woodmansee
Victoria Woodward
Lillian Worgul
Dr. Vincent Yu
Kenneth & Marguerite Zuckerman
Robyn Zuzier

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for a $50,000 individual line of credit from the Bank of California. In support of her application, Ms. Brooks submitted a financial statement indicating a net worth in excess of $300,000 and a projected future income in excess of $150,000. This constituted sufficient net worth and income to support a $50,000 line of credit.

In early April, 1994, the Bank of California approved the $50,000 line of credit for Ms. Brooks. She signed a Line of Credit Note for the principal sum of $50,000 (see Exhibit A to Brooks Declaration), with payments to be made monthly on any outstanding balance at an interest rate of prime plus 2%. The Note was due and payable in full on November 15, 1994. Contrary to the CDR's allegations, Susan Brooks was personally obligated as the borrower on this Note, and was fully and expressly responsible for its repayment. Hence, contrary to the CDR's allegations, the Bank of California had full legal recourse against Susan Brooks in the event of a default.

Ms. Brooks drew upon her line of credit with the Bank of California three times during her election campaign, in amounts respectively totalling $15,500, $20,000 and $14,500. Each of these amounts was in turn loaned to the Susan Brooks for Congress Committee and used to fund various campaign-related activities. The Susan Brooks for Congress Committee and/or Susan Brooks herself made monthly interest payments through October, 1994 on a timely basis. Several reductions in principal were also made during this period.

Ms. Brooks made the final payment for the outstanding balance on the line of credit in accordance with the terms of the Note. The Note is now satisfied in full.

It is clear from the record that the Bank of California extended the line of credit and made the corresponding Note to Ms. Brooks in accordance with applicable banking laws and regulations. 37 C.F.R. § 100.7(b)(11). She was given no preferential treatment. Ms. Brooks received the Note from the Bank of California in the ordinary course of business on terms that resulted from an arms-length transaction. 37 C.F.R. § 100.7(b)(11). That is, the Note bore the usual and customary interest rate of the Bank of California for the type of loan involved, the Note was made on a basis which assured repayment, the Note was evidenced by a written instrument and the Note was subject to a due date. 37 C.F.R. § 100.7(b)(11).

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With particular regard to assurance of repayment, the line of credit reflected in the Note was extended by the Bank of California to Susan Brooks personally under regular credit terms as part of a duly executed and fully enforceable contract between Ms. Brooks and the Bank. Susan Brooks was at all times personally liable for payment on the line of credit. She had personal assets and an income stream sufficient to support the line of credit, and the Bank of California at all times had full legal recourse against her if she defaulted on the note. Consequently, even though no collateral or future receipts from contributions to the Susan Brooks for Congress Committee were specifically pledged against the Note, see 37 C.F.R. §§ 100.7(b)(11)(i)(A) and 100.7(b)(11)(i)(B), the totality of circumstances demonstrate beyond dispute that the line of credit and the Note were in fact made on a basis which assured repayment. 37 C.F.R. § 100.7(b)(11)(ii). The relationship between the Brooks Respondents and the Bank of California at all times has thus been proper under the Federal Election laws.

Based on the preceding arguments and the uncontroverted Declaration appended hereto, no action of any sort is warranted against the Brooks Respondents in connection with Matter-Under-Review 4106. Matter-Under-Review 4106 should be closed forthwith.

Very truly yours,

Hilda Daiber

Hilda Daiber
Treasurer, Susan Brooks for Congress Committee

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IN THE FEDERAL ELECTION COMMISSION

CALIFORNIA DEMOCRATIC PARTY, Complainant, v. SUSAN BROOKS, et al., Respondents.	)	MUR No. 4106

DECLARATION OF SUSAN M. BROOKS

I, SUSAN M. BROOKS, do hereby declare and state as follows:

1. I am the Republican candidate for Congress in California's 36th Congressional District for the General Election of November 8, 1994. I was also a candidate for the Republican nomination during the Primary Election of June 7, 1994. I am a named Respondent in the above-identified matter. I have personal knowledge of the facts set forth below, and if called upon to testify to these facts could and would do so.

2. In March of 1994, I applied for a $50,000 individual line of credit from the Bank of California in Los Angeles, California. I chose the Bank of California because my husband and I have an established banking relationship with them. It was my intention to draw on the line of credit as needed to help finance my campaign expenditures.

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3. I submitted a financial statement with my Bank of California credit application, indicating a net worth in excess of $300,000 for my community property estate and a projected future income in excess of $150,000 from a joint income stream (I work apart from my political campaigning, and both my husband and I report income jointly on our tax returns). Based on my general understanding of bank credit guidelines, I believed at the time that I demonstrated sufficient net worth and income to support a $50,000 line of credit.

4. In early April, 1994, I was notified that the Bank of California had approved my line of credit. I signed a Line of Credit Note for the principal sum of $50,000 (hereinafter the "Note"; copy attached as Exhibit A), with payments to be made monthly on any outstanding line of credit balance at an interest rate of prime plus 2%. I was personally obligated as the borrower on this Note, and fully and expressly responsible for its repayment. In other words, the Bank of California had full legal recourse against me in the event the Note was not paid off.

5. My line of credit resulted from an arms-length transaction with the Bank of California. I believe the Bank of California extended the Note to me in the ordinary course of their business, and on terms that would have been made available to anyone in my financial situation. I most certainly believe the Bank of California, in extending the Note to me, relied on my

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contractual repayment obligation and my demonstrated ability to satisfy the Note from my income stream and the assets of my community property estate.

6. I drew upon my line of credit with the Bank of California three times during my campaign for the Primary Election, in amounts respectively totalling $15,500, $20,000 and $14,500. Each of these amounts was in turn loaned to my campaign committee, the Susan Brooks for Congress Committee, and used to fund various campaign-related activities. Monthly interest payments on the line of credit through October, 1994, as well as several reductions in principal, were made by the Susan Brooks for Congress Committee and/or myself on a timely basis.

7. In accordance with the terms of the Note, I made the final payment for the outstanding balance on the line of credit. Thus, the Note has now been satisfied in full and the line of credit has been extinguished.

8. I am informed that the California Democratic Party has characterized my personal line of credit from the Bank of California as a "loan" on behalf of the Susan Brooks for Congress Committee. The California Democratic Party has further accused me of signing "bank papers" as an "agent" for my campaign committee without personally committing myself to the repayment of the "loan". These characterizations and accusations are

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completely erroneous. As I stated above, the line of credit was extended by the Bank of California to me personally under regular credit terms in the ordinary course of business. I was at all times personally liable for payment on the line of credit, I had personal assets and an income stream sufficient to support the line of credit, and the Bank of California would have had full legal recourse against me if I had failed to pay any outstanding balance on the line of credit. I therefore believe that at all times my relationship with the Bank of California has been proper under the Federal Election laws.

I declare under penalty of perjury according to the laws of the State of California and the United States of America that the foregoing statements are true and correct.

Executed this 13th day of December, 1994, at Rancho Palos Verdes, California.

Susan M. Brooks

Susan M. Brooks

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Exhibit A

THE BANK OF CALIFORNIA

LINE OF CREDIT NOTE
(INDIVIDUAL)

$ 50,000.00 April 7, 1994

Each signer of this Note ("Borrower") promises to pay to the order of The Bank of California, N.A. ("Bank") at its office at 888 South Hope, Los Angeles, CA 90071 or at such other place as Bank may designate in writing, in lawful money of the United States of America, the principal sum of Fifty Thousand and No/100 DOLLARS ($ 50,000.00), or so much thereof as may be advanced and outstanding, with interest on each advance under this Note from the date it is disbursed until maturity, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the rate Bank announces to be in effect from time to time as its prime rate (the "Prime Rate") plus 2.500 %. The Prime Rate is a rate set by Bank based upon various factors including general economic and market conditions, and is used as a reference point for pricing certain loans. Bank may price its loans at, above, or below the Prime Rate.

During the term of this Note, Borrower may borrow, repay and reborrow as Borrower may elect, in minimum amounts One Thousand and No/100 DOLLARS ($ 1,000.00), and subject to all limitations, terms and conditions contained herein and in any other agreements or documents executed in connection with this Note: provided, however, that the outstanding principal balance of this Note shall at no time exceed the maximum principal amount stated above.

After the first advance and prior to _____ , Borrower shall maintain a zero balance on this Note for a period of at least _____ (_____) consecutive days.

Interest shall be payable on the 15th day of each consecutive month beginning the first such date after the first advance under this Note, and continuing through November 15, 1994 , on which date all accrued interest and principal remaining unpaid shall be due and payable in full. Principal, interest, and all other sums owed Bank under any Loan Document (as defined below) shall be evidenced by entries in records maintained by Bank for such purpose. Each payment on and any other credits with respect to principal, interest and all other sums outstanding under any Loan Document shall be evidenced by entries in such records. Bank's records shall be conclusive evidence thereof.

Borrower hereby expressly authorizes Bank to debit Borrower's account no. _____ for the amount of each payment of principal and interest and all other sums owed Bank under any Loan Document. Borrower shall have sufficient collected balances in said account in order that each such payment shall be available when due.

☐ Notwithstanding the provisions in this Note setting forth the dates on which payments of interest and principal are payable (but excepting from this exception the final payment of interest and principal), and so long as Borrower is not in default under this Note or any other Loan Documents, Bank agrees that each ☐ month ☐ calendar quarter ☐ fiscal quarter it shall provide Borrower a bill generated as of each established payment date specifying the amount of interest and principal, if any, as well as any fees and charges, due on such date and specifying a date ten (10) days after such date as the date on which Bank shall debit Borrower's account for the amounts due.

If Borrower fails to have sufficient amounts in the account designated to be debited to satisfy in full the aggregate of amounts billed in any billing period, then amounts remaining unpaid shall be past due and subject to the penalty rate set forth in this Note.

With respect to unpaid principal amounts, interest continues to accrue thereon until Bank's actual receipt of payment.

Bank, at its sole discretion, may change the advance notice procedure by which payments are effected.

☒ Borrower has paid or shall pay to Bank no later than April 7, 1994 , a non-refundable fee of $ 250.00 for this line of credit.

☐ Borrower shall pay to Bank a non-refundable fee for this line of credit for the period beginning on the date of this Note and ending on _____ , such fee to be payable in arrears in quarterly instalments on the last day of each March, June, September, and December, commencing on the first such date to occur after the date of this Note, and on _____ , and to be computed at a rate per annum equal to _____ percent (_____ %) on the average daily unused amount of this line of credit during such period.

Each advance shall be made by a deposit to one of Borrower's accounts no. 032-500415 at Bank's Los Angeles Office, unless Borrower shall otherwise direct Bank in writing.

Advances may be requested in writing, by telephone, telex or otherwise on behalf of Borrower. Borrower recogni and agrees that Bank cannot effectively determine whether a specific request purportedly made by or on behal Borrower is actually authorized or authentic. As it is in Borrower's best interest that Bank advance funds in resp to these forms of request, Borrower assumes all risks regarding validity, authenticity and due authorization request purporting to be made by or on behalf of Borrower. Borrower promises to repay any sums, with interv are advanced by Bank pursuant to any request which Bank in good faith believes to be authorized, or proceeds of any advance are deposited to the account of Borrower with Bank, regardless of whether any in entity ("Person") other than Borrower may have authority to draw against such account.

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The obligation of Bank to make any advance to Borrower, the proceeds of which are, at Borrower's request, to be wire-transferred to Borrower or any other Person, shall be subject to all applicable laws and regulations, and the policy of the Board of Governors of the Federal Reserve System on Reduction of Payments System Risk in effect from time to time ("Applicable Law and Policy"). Borrower acknowledges that as a result of Applicable Law and Policy, the transmission of the proceeds of any advance which Borrower has requested to be wire-transferred may be significantly delayed.

Any unpaid payments of principal or interest on this Note shall bear interest from their respective maturities, whether scheduled or accelerated, at a fluctuating rate per annum at all times equal to the Prime Rate plus 5%, until paid in full, whether before or after judgment.

Interest and fees shall be calculated for actual days elapsed on the basis of a 360-day year, which results in higher interest payments than if a 365-day year were used. Each change in the rate of interest shall become effective on the date each Prime Rate change is announced within the Bank. In no event shall Borrower be obligated to pay interest at a rate in excess of the highest rate permitted by applicable law from time to time in effect.

The occurrence of any of the following shall (1) terminate any obligation of Bank to make or continue the line of credit evidenced by this Note, and shall, at Bank's option, (2) make all sums of interest, principal and any other amounts owing under any Loan Documents immediately due and payable without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor or any other notices or demands; and (3) give Bank the right to exercise any other right or remedy provided by contract or applicable law:

(a) Borrower shall fail to make any payment of principal or interest when due under this Note or to pay any fees or other charges when due, or Borrower or any other Person shall fail to provide Bank with, or to perform any obligation under, this Note or any contract, instrument, addenda or document executed in connection with this Note, including without limitation any rate option agreement, guaranty, pledge agreement, security agreement or deed of trust (including this Note, each a "Loan Document");

(b) Any representation or warranty made, or financial statement, certificate or other document provided, by Borrower or any guarantor ("Guarantor") of the obligations evidenced by this Note ("Obligations") shall prove to have been false or misleading;

(c) Borrower or any Guarantor shall fail to pay its debts generally as they become due or shall file any petition or action for relief under any bankruptcy, insolvency, reorganization, moratorium, creditor composition law, or any other law for the relief of or relating to debtors; an involuntary petition shall be filed under any bankruptcy law against Borrower or any Guarantor, or a custodian, receiver, trustee, assignee for the benefit of creditors, or other similar official, shall be appointed to take possession, custody or control of the properties of Borrower or any Guarantor; or the death, incapacity, dissolution or termination of the business of Borrower or any Guarantor;

(d) Borrower or any Guarantor shall fail to perform under any other agreement involving the borrowing of money, the purchase of property, the advance of credit or any other monetary liability of any kind to any Person; or any guaranty of the Obligations shall be revoked or terminated;

(e) Any governmental or regulatory authority shall take any action, any defined benefit pension plan maintained by Borrower or any Guarantor shall have any unfunded liabilities, or any other event shall occur, any of which, in the judgment of Bank, might have a material adverse effect on the financial condition or business of Borrower or any Guarantor;

(f) Any sale, transfer or other disposition of all or a substantial or material part of the assets of Borrower or any Guarantor, including without limitation to any trust or similar entity, shall occur;

(g) Any Person shall fail to perform its obligations under the terms of any promissory note, contract or other obligation that is held by Bank as collateral for the Obligations; or Bank shall not have a perfected security interest in, or shall deem itself insecure with respect to the value of, any collateral being held for the Obligations;

(h) Any judgment(s) shall be entered against Borrower or any Guarantor, or any involuntary lien(s) of any kind or character shall attach to any assets or property of Borrower or any Guarantor, any of which, in the judgment of Bank, might have a material adverse effect on the financial condition or business of Borrower or any Guarantor;

(i) Borrower shall fail to perform any of its duties or obligations under any Loan Document not specifically referenced hereinabove.

No failure or delay on the part of Bank in exercising any power, right or privilege under any Loan Document shall operate as a waiver thereof, and no single or partial exercise of any such power, right or privilege shall preclude any further exercise thereof or the exercise of any other power, right or privilege.

Dispute Resolution

(a) **Mandatory Arbitration.** Any controversy or claim between or among the parties including but not limited to those arising out of or relating to this Note or any related agreements or instruments ("Subject Documents"), including any claim based on or arising from an alleged tort, shall be determined by arbitration in accordance with Title 9 of the U.S. Code and the Commercial Arbitration Rules of the American Arbitration Association ("AAA"). All statutes of limitations which would otherwise be applicable shall apply to any arbitration

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proceeding under this subparagraph (a). Judgment upon the award rendered maybe entered in any court having jurisdiction. This subparagraph (a) shall apply only if, at the time of the proposed submission to AAA, none of the obligations to Bank described in or covered by any of the Subject Documents are secured by real property collateral or, if so secured, all parties consent to such submission.

(b) **Judicial Reference.** If the controversy or claim is not submitted to arbitration as provided and limited in subparagraph (a), but becomes the subject of a judicial action, any party may elect to have all decisions of fact and law determined by a referee in accordance with applicable state law. If such an election is made, the parties shall designate to the court a referee or referees selected under the auspices of the AAA in the same manner as arbitrators are selected in AAA-sponsored proceedings. The referee, or presiding referee of the panel, shall be an active attorney or retired judge. Judgment upon the award rendered shall be entered in the court in which such proceeding was commenced.

(c) **Provisional Remedies, Self Help, and Foreclosure.** No provision of, or the exercise of any rights under, subparagraph (a), shall limit the right of any party to exercise self help remedies such as setoff, to foreclose

against any real or personal property collateral, or to obtain provisional or ancillary remedies such as injunctive relief or the appointment of a receiver from a court having jurisdiction before, during or after the pendency of any arbitration. At Bank's option, foreclosure under a deed of trust or mortgage may be accomplished either by exercise of power of sale under the deed of trust or mortgage, or by judicial foreclosure. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self help remedies shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration.

To the extent any provision of this dispute resolution clause is different than the terms of this Note, the terms of this dispute resolution clause shall prevail.

Borrower shall reimburse Bank for all costs and expenses, including without limitation reasonable attorneys' fees, expended or incurred by Bank in any arbitration, judicial reference, legal action or otherwise in connection with (a) the negotiation, preparation, amendment and enforcement of the Loan Documents, including without limitation during any workout, attempted workout, and/or in connection with the rendering of legal advice as to Bank's rights, remedies and obligations under the Loan Documents, (b) collecting any sum which becomes due Bank under any Loan Document, (c) any proceeding for declaratory relief, any counterclaim to any proceeding, or any appeal, or (d) the protection, preservation or enforcement of any rights or remedies of Bank.

Each Borrower is jointly and severally liable for the obligations evidenced by this Note, and all references to "Borrower" shall be to "each" or "any" Borrower as the context requires.

This Note shall be governed by, and construed in accordance with, the laws of the State of California.

All terms and conditions set forth on the _____ Addendum(s) attached to this Note are incorporated by this reference.

Susan M. Brooks
SUSAN M. BROOKS

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FEDERAL ELECTION COMMISSION
Jun 13 3 40 PM '95

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) Enforcement Priority
)
)

SENSITIVE

GENERAL COUNSEL'S MONTHLY REPORT

I. INTRODUCTION

This report is the General Counsel's Report to recommend that the Commission no longer pursue the identified lower priority and stale cases under the Enforcement Priority System.

II. CASES RECOMMENDED FOR CLOSING

A. Cases Not Warranting Further Pursuit Relative to Other Cases Pending Before the Commission

A critical component of the Priority System is identifying those pending cases that do not warrant the further expenditure of resources. Each incoming matter is evaluated using Commission-approved criteria and cases that, based on their rating, do not warrant pursuit relative to other pending cases are placed in this category. By closing such cases, the Commission is able to use its limited resources to focus on more important cases.

Having evaluated incoming matters, this Office has identified 10 cases which do not warrant further pursuit relative to the other pending cases.[1] A short description of each case and the factors leading to assignment of a relatively low priority and consequent recommendation not to pursue each

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1. These matters are: MUR 4087; MUR 4092; MUR 4093; MUR 4096; MUR 4097; MUR 4098; MUR 4100; MUR 4103; MUR 4106; and MUR 4114.

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case is attached to this report. See Attachments 1-11. As the Commission requested, this Office has attached the responses to the complaints for the externally-generated matters and the referral for the internally-generated matter following the narrative. See Attachments 1-11.

B. Stale Cases

Investigations are severely impeded and require relatively more resources when the activity and evidence are old. Consequently, the Office of General Counsel recommends that the Commission focus its efforts on cases involving more recent activity. Such efforts will also generate more impact on the current electoral process and are a more efficient allocation of our limited resources. To this end, this Office has identified 34 cases that

do not warrant further investment of significant Commission resources.[2] Since the recommendation not to pursue the identified cases is based on staleness, this Office has not prepared separate narratives for these cases. As the Commission requested, in matters in which the Commission has made no

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2. These matters are: MUR 2582; MUR 3109; MUR 3241; MUR 3426; MUR 3857; MUR 3858; MUR 3862; MUR 3866; MUR 3876; MUR 3879; MUR 3890; MUR 3893; MUR 3895; MUR 3896; MUR 3898; MUR 3902; MUR 3903; MUR 3904; MUR 3905; MUR 3907; MUR 3908; MUR 3912; MUR 3933; MUR 3958; MUR 3962; MUR 3978; MUR 3984; RAD 93L-19; RAD 94L-05; RAD 94L-11; RAD 94L-15; RAD 94L-21; RAD 94L-23; and RAD 94L-26.

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findings, the responses to the complaints for the externally-generated matters and the referrals for the internally-generated matters are attached to the report. See Attachments 16-45. For cases in which the Commission has already made findings and for which each Commissioner's office has an existing file, this Office has attached the most recent General Counsel's Report. See Attachments 12-15.

This Office recommends that the Commission exercise its prosecutorial discretion and no longer pursue the cases listed below effective June 26, 1995. By closing the cases effective June 26, 1995, CED and the Legal Review Team will respectively have the additional time necessary for preparing the closing letters and the case files for the public record for these cases.

III. RECOMMENDATIONS

A. Decline to open a MUR and close the file effective June 26, 1995 in the following matters:

1) RAD 93L-19
2) RAD 94L-05
3) RAD 94L-11
4) RAD 94L-15
5) RAD 94L-21
6) RAD 94L-23
7) RAD 94L-26

B. Take no action, close the file effective June 26, 1995, and approve the appropriate letter in the following matters:

1) MUR 3857
2) MUR 3858
3) MUR 3862

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4) MUR 3866
5) MUR 3876
6) MUR 3879
7) MUR 3890
8) MUR 3893
9) MUR 3895
10) MUR 3896
11) MUR 3898
12) MUR 3902
13) MUR 3903
14) MUR 3904
15) MUR 3905
16) MUR 3907
17) MUR 3908
18) MUR 3912
19) MUR 3933
20) MUR 3958
21) MUR 3962
22) MUR 3978
23) MUR 3984
24) MUR 4087
25) MUR 4092
26) MUR 4093
27) MUR 4096
28) MUR 4097
29) MUR 4098
30) MUR 4100
31) MUR 4103
32) MUR 4106
33) MUR 4114

C. Take no further action, close the file effective June 26, 1995, and approve the appropriate letter in the following matters:

1) MUR 2582
2) MUR 3109
3) MUR 3241
4) MUR 3426

Jan 17, 1995
Date

Lawrence M. Noble
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	Agenda Document
Enforcement Priority	)	#X95-52

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on June 27, 1995, do hereby certify that the Commission decided by a vote of 6-0 on each of the matters listed below to take the actions hereinafter described:

A. Decline to open a MUR and close the file effective July 5, 1995 in the following matters:

1) RAD 93L-19
2) RAD 94L-05
3) RAD 94L-11
4) RAD 94L-15
5) RAD 94L-21
6) RAD 94L-23
7) RAD 94L-26

B. Take no action, close the file effective July 5, 1995, and approve the appropriate letter in the following matters:

1) MUR 3857
2) MUR 3858
3) MUR 3862

(continued)

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4) MUR 3866
5) MUR 3876
6) MUR 3879
7) MUR 3890
8) MUR 3893
9) MUR 3895
10) MUR 3896
11) MUR 3898
12) MUR 3902
13) MUR 3903
14) MUR 3904
15) MUR 3905
16) MUR 3907
17) MUR 3908
18) MUR 3912
19) MUR 3933
20) MUR 3958
21) MUR 3962
22) MUR 3978
23) MUR 3984
24) MUR 4087
25) MUR 4092
26) MUR 4093
27) MUR 4096
28) MUR 4097
29) MUR 4098
30) MUR 4100
31) MUR 4103
32) MUR 4106
33) MUR 4114

(continued)

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C. Take no further action, close the file effective July 5, 1995, and approve the appropriate letter in the following matters:

1) MUR 2582
2) MUR 3109
3) MUR 3241
4) MUR 3426

Commissioners Aikens, Elliott, McDonald, McGarry, Potter, and Thomas voted affirmatively for the decision with respect to each of these actions.

Attest:

6-30-95
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1995

Bill Press, Chair
California Democratic party
8440 Santa Monica Blvd
Los Angeles, CA 90069

RE: MUR 4106

Dear Mr. Press:

On October 27, 1994, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the respondents. See attached narrative. Accordingly, the Commission closed its file in this matter on July 5, 1995. This matter will become part of the public record within 30 days.

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,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

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MUR 4106
SUSAN BROOKS FOR CONGRESS COMMITTEE

The California Democratic Party filed a complaint alleging that Susan Brooks for Congress Committee received $50,000 in loans from the Bank of California that were unsupported by any collateral, any formal or binding commitment of campaign funds, or any personal guarantee in violation of 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b).

Susan Brooks and the Susan Brooks for Congress Committee respond that Ms. Brooks applied for a $50,000 individual line of credit from the Bank of California and that in support of her application, Ms. Brooks submitted a financial statement indicating sufficient net worth and income to support a $50,000 line of credit. Ms. Brooks states that she was personally obligated as the borrower on this note and was fully and expressly responsible for its repayment. Ms. Brooks indicates that she drew upon her line of credit three times during her election campaign in amounts of $15,500, $20,000, and $14,500. According to Ms. Brooks, she made the final payment for the outstanding balance on the line of credit in accordance with the terms of the note and the note is now satisfied in full.

The Bank of California responds that when examining the totality of the circumstances, it is evident that the loan was made in the ordinary course of business on a basis which assures repayment and that it was therefore not a contribution. According to the Bank, the line of credit was approved on the basis of the net worth of Ms. Brooks' community property interest which was in excess of $300,000 and the future income flow which was in excess of $150,000, with the projected income flow as the primary source of repayment. The Bank states that the interest rate was the usual and customary rate for a loan of this type and the loan was made in accordance with applicable banking laws and regulations. According to the Bank, after the line of credit was approved, Ms. Brooks signed a note which made her solely responsible for the repayment and the note was subsequently repaid in full.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1995

Susan Brooks
3419 Corrina Dr
Rancho Palos Verdes, CA90274

RE: MUR 4106

Dear Ms. Brooks:

On November 2, 1994, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. See attached narrative. Accordingly, the Commission closed its file in this matter on July 5, 1995.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

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MUR 4106
SUSAN BROOKS FOR CONGRESS COMMITTEE

The California Democratic Party filed a complaint alleging that Susan Brooks for Congress Committee received $50,000 in loans from the Bank of California that were unsupported by any collateral, any formal or binding commitment of campaign funds, or any personal guarantee in violation of 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b).

Susan Brooks and the Susan Brooks for Congress Committee respond that Ms. Brooks applied for a $50,000 individual line of credit from the Bank of California and that in support of her application, Ms. Brooks submitted a financial statement indicating sufficient net worth and income to support a $50,000 line of credit. Ms. Brooks states that she was personally obligated as the borrower on this note and was fully and expressly responsible for its repayment. Ms. Brooks indicates that she drew upon her line of credit three times during her election campaign in amounts of $15,500, $20,000, and $14,500. According to Ms. Brooks, she made the final payment for the outstanding balance on the line of credit in accordance with the terms of the note and the note is now satisfied in full.

The Bank of California responds that when examining the totality of the circumstances, it is evident that the loan was made in the ordinary course of business on a basis which assures repayment and that it was therefore not a contribution. According to the Bank, the line of credit was approved on the basis of the net worth of Ms. Brooks' community property interest which was in excess of $300,000 and the future income flow which was in excess of $150,000, with the projected income flow as the primary source of repayment. The Bank states that the interest rate was the usual and customary rate for a loan of this type and the loan was made in accordance with applicable banking laws and regulations. According to the Bank, after the line of credit was approved, Ms. Brooks signed a note which made her solely responsible for the repayment and the note was subsequently repaid in full.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1995

Hilda Daiber, Treasurer
Susan Brooks for Congress Committee
3525 Pacific Coast Highway
Torrance, CA 90505

RE: MUR 4106

Dear Ms. Daiber:

On November 2, 1994, the Federal Election Commission notified the Susan Brooks for Congress Committee ("Committee") and you, as treasurer, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against the Susan Brooks for Congress Committee and you, as treasurer. See attached narrative. Accordingly, the Commission closed its file in this matter on July 5, 1995.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

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MUR 4106
SUSAN BROOKS FOR CONGRESS COMMITTEE

The California Democratic Party filed a complaint alleging that Susan Brooks for Congress Committee received $50,000 in loans from the Bank of California that were unsupported by any collateral, any formal or binding commitment of campaign funds, or any personal guarantee in violation of 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b).

Susan Brooks and the Susan Brooks for Congress Committee respond that Ms. Brooks applied for a $50,000 individual line of credit from the Bank of California and that in support of her application, Ms. Brooks submitted a financial statement indicating sufficient net worth and income to support a $50,000 line of credit. Ms. Brooks states that she was personally obligated as the borrower on this note and was fully and expressly responsible for its repayment. Ms. Brooks indicates that she drew upon her line of credit three times during her election campaign in amounts of $15,500, $20,000, and $14,500. According to Ms. Brooks, she made the final payment for the outstanding balance on the line of credit in accordance with the terms of the note and the note is now satisfied in full.

The Bank of California responds that when examining the totality of the circumstances, it is evident that the loan was made in the ordinary course of business on a basis which assures repayment and that it was therefore not a contribution. According to the Bank, the line of credit was approved on the basis of the net worth of Ms. Brooks' community property interest which was in excess of $300,000 and the future income flow which was in excess of $150,000, with the projected income flow as the primary source of repayment. The Bank states that the interest rate was the usual and customary rate for a loan of this type and the loan was made in accordance with applicable banking laws and regulations. According to the Bank, after the line of credit was approved, Ms. Brooks signed a note which made her solely responsible for the repayment and the note was subsequently repaid in full.

This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 6, 1995

Michael T. Connell, Esq.
The Bank of California Legal Division
400 California St., 12th Floor
San Francisco, CA 94104

RE: MUR 4106
The Bank of California

Dear Mr. Connell:

On November 2, 1994, the Federal Election Commission notified your client, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against your client. See attached narrative. Accordingly, the Commission closed its file in this matter on July 5, 1995.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith at (202) 219-3400.

Sincerely,

Mary L. Taksar

Mary L. Taksar
Attorney

Attachment
Narrative

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MUR 4106
SUSAN BROOKS FOR CONGRESS COMMITTEE

The California Democratic Party filed a complaint alleging that Susan Brooks for Congress Committee received $50,000 in loans from the Bank of California that were unsupported by any collateral, any formal or binding commitment of campaign funds, or any personal guarantee in violation of 2 U.S.C. § 441b and 11 C.F.R. § 100.7(b).

Susan Brooks and the Susan Brooks for Congress Committee respond that Ms. Brooks applied for a $50,000 individual line of credit from the Bank of California and that in support of her application, Ms. Brooks submitted a financial statement indicating sufficient net worth and income to support a $50,000 line of credit. Ms. Brooks states that she was personally obligated as the borrower on this note and was fully and expressly responsible for its repayment. Ms. Brooks indicates that she drew upon her line of credit three times during her election campaign in amounts of $15,500, $20,000, and $14,500. According to Ms. Brooks, she made the final payment for the outstanding balance on the line of credit in accordance with the terms of the note and the note is now satisfied in full.

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This matter is less significant relative to other matters pending before the Commission.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4106

DATE FILMED 7/31/95 CAMERA NO. 1

CAMERAMAN EES

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